DOMINION OF CANADA



OFFICIAL REPORT

OF

DEBATES

HOUSE OF COMMONS

FIRST SESSION—TWENTY-FIRST PARLIAMENT

13 GEORGE VI, 1949

VOLUME II, 1949

(SECOND SESSION)

COMPRISING THE PERIOD FROM THE TWENTY-FOURTH DAY OF OCTOBER, 1949,
TO THE TWENTY-SECOND DAY OF NOVEMBER, 1949, INCLUSIVE

BEING

VOLUME CCLXX FOR THE PERIOD 1875-1949

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OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.PH.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1950

1949 (2d session)
V. 2
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HOUSE OF COMMONS

Monday, October 24, 1949

The house met at 4.30 p.m.

PANDIT JAWAHARLAL NEHRU

ADDRESS TO MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS TO BE PRINTED IN HOUSE OF COMMONS DEBATES

Right Hon. L. S. St. Laurent (Prime Minister) moved:

That the address of Pandit Jawaharlal Nehru, Prime Minister of India, delivered before the members of the Senate and of the House of Commons of Canada in the chamber of the House of Commons on October 24, 1949, be included in the House of Commons debates and form part of the permanent records of this parliament.

Mr. Browne (St. John's West): Does this motion mean that the address of the Prime Minister of Canada and your own address in reply, Mr. Speaker, will be included?

Mr. St. Laurent: I understand that is the usual practice. The whole of the ceremony will form a part of the record of today's proceedings.

Motion agreed to.

(For text of address of Prime Minister Nehru, with speeches of welcome and thanks, see appendix A, pages 1102-06.)

HOUSE OF COMMONS

QUESTION OF USE OF PUBLIC ADDRESS SYSTEM—OPPORTUNITY FOR MEMBERS TO MEET DISTINGUISHED VISITORS

Mr. G. A. Cruickshank (Fraser Valley): On a question of privilege, Mr. Speaker, I should like to make a suggestion to you, and through you to the house. It is one that has been made by the hon. member for Macleod (Mr. Hansell) on many occasions. We have had the great privilege of having as our guest today the distinguished Prime Minister of India. I happen to be fortunate in the location of my seat in the house, but very few of the members, and no one in the galleries, could hear him. I think in this day and age of scientific development there is no reason why we should not have a public address system. I insist, through you, Mr. Speaker, to the Prime Minister (Mr. St. Laurent) that other arrangements be made.

Mr. W. D. Wylie (Medicine Hat): May I say that I tried to listen to the remarks of the Prime Minister of India. I am sure everyone in this section of the house wanted to hear what he said, but none of us could do so. May I say further that I am sure every hon. member of the house would like to have the privilege of meeting the Prime Minister of India. Magistrate W. H. Ellis, of Medicine Hat, is in India at the present time, and I have had letters from him in which he has made reference to Prime Minister Nehru and has said many good things about him. I should have liked to have the privilege of meeting Prime Minister Nehru. I have not had that opportunity, and I could not hear everything he said. I think that something should be done to enable every hon. member of the house to hear what is said in this chamber.

Mr. Speaker: I will look into the question that has been raised. It is unfortunate that there was not an amplifying system in the house today. I can assure hon. members that the matter is receiving consideration. The former Speaker went into it at considerable length. He spent a good deal of time on the matter, and I am sure he will be pleased to act on any committee that may be appointed to go into it further, or co-operate in any other way.

The hon. member for Medicine Hat has stated that he would like very much to have met Pandit Nehru. May I tell hon. members that it has been my custom, since you have done me the honour of electing me Speaker of the house, to invite a number of hon. members of the house and members of the press gallery to my chambers when a distinguished visitor comes to Ottawa and calls upon me. There have been four or five distinguished visitors this session, and on each occasion I have invited thirty or forty hon. members. The house will realize that the Speaker's chambers are not large enough to accommodate all hon. members at one time; but I hope to continue the custom of inviting thirty or forty on each occasion when a distinguished visitor calls upon me here. May I add that if at any time any hon. member would like especially to meet a distinguished visitor who is in Ottawa, I shall be pleased to make that arrangement for him.

I thought I should make that statement to the house, so hon. members may know the system I have adopted.

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Private Bills—Divorce

BRITISH NORTH AMERICA ACT

AMENDMENTS TO THE CONSTITUTION—CONSULTATION WITH PROVINCIAL GOVERNMENTS—TABLING OF FURTHER CORRESPONDENCE

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I should like to table copies in English and French of further correspondence with the premiers of Saskatchewan and Quebec with respect to amendments to the British North America Act.

Mr. Drew: Will it be placed on *Hansard*?

Mr. St. Laurent: The former correspondence was printed as an appendix to *Hansard*. I think it would be the desire of most hon. members that these letters also be printed as an appendix. If Your Honour will give instructions to that effect, I think it will meet the wishes of all members of the house.

Mr. Speaker: If that is the pleasure of the house, I shall be glad to do so.

(*For text of further correspondence, see appendix B, pages 1107-08.*)

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 67, for the relief of Margaret Helen Milne Ward—Mr. Winkler.

Bill No. 68, for the relief of Lizzie Brogden Hibberd—Mr. Winkler.

Bill No. 69, for the relief of Eric Jeffery Burn—Mr. Winkler.

Bill No. 70, for the relief of Agnes McIntosh McKillop McBride—Mr. Winkler.

Bill No. 71, for the relief of Elizabeth Audrey Beauclerk Quinlan—Mr. Winkler.

Bill No. 72, for the relief of Thelma Blanche Collins Geick—Mr. Winkler.

Bill No. 73, for the relief of Thora Beckingham Lock—Mr. Winkler.

Bill No. 74, for the relief of Hugh William Lloyd—Mr. Winkler.

Bill No. 75, for the relief of Linda Emilia Wilen Robitaille—Mr. Winkler.

Bill No. 76, for the relief of Brina Paskin Warshaw—Mr. Winkler.

Bill No. 77, for the relief of Thomas Hanusiak—Mr. Winkler.

Bill No. 78, for the relief of Loretta Waugh O'Dell—Mr. Winkler.

Bill No. 79, for the relief of Marie Rita Plante Boyer—Mr. Winkler.

Bill No. 80, for the relief of Dorothy Waxman Sherman—Mr. Winkler.

Bill No. 81, for the relief of Laura Cohen Kaminsky—Mr. Winkler.

Bill No. 82, for the relief of Annie Marion Lesnichuk Krushelniski, otherwise known as Annie Marion Lesnichuk Krush—Mr. Winkler.

[Mr. Speaker.]

Bill No. 83, for the relief of Marjorie May Smart Birmingham—Mr. Winkler.

Bill No. 84, for the relief of Anna Sandberg Goldbloom, otherwise known as Anna Sandberg Gold—Mr. Winkler.

Bill No. 85, for the relief of Olive Frances Harper Morrison—Mr. Winkler.

Bill No. 86, for the relief of Delphis Brousseau—Mr. Winkler.

Bill No. 87, for the relief of Gladys McCarrick Bonnemer—Mr. Winkler.

Bill No. 88, for the relief of Bernice Beverly Corry Cohen—Mr. Winkler.

Bill No. 89, for the relief of Bessie Zinman —Mr. Winkler.

Bill No. 90, for the relief of Marion Lillian Gargan Thomson—Mr. Winkler.

Bill No. 91, for the relief of Mary Piekos Rynski—Mr. Winkler.

Bill No. 92, for the relief of Victor Chryssolor—Mr. Winkler.

Bill No. 93, for the relief of Blanche Ruth Serokey Smith—Mr. Winkler.

Bill No. 94, for the relief of Raymonde Belanger Skaife—Mr. Winkler.

Bill No. 95, for the relief of Elizabeth Maud Gwendolen Tobi Hearns—Mr. Winkler.

Bill No. 96, for the relief of Ruby Muriel Keith Gray—Mr. Winkler.

Bill No. 97, for the relief of Laurel Jeanne MacGregor Thomson—Mr. Winkler.

Bill No. 98, for the relief of Edith Sara Hamilton Warlund—Mr. Winkler.

Bill No. 99, for the relief of Donald Duncalf Birchenough—Mr. Winkler.

Bill No. 100, for the relief of Joan Gertrude Fox Corbett—Mr. Winkler.

Bill No. 101, for the relief of Richard William Henry Wark—Mr. Winkler.

Bill No. 102, for the relief of Eileen Dorothy Richards Turner—Mr. Winkler.

Bill No. 103, for the relief of Janey Beryl MacPhail Shuttleworth—Mr. Winkler.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

FOREIGN EXCHANGE—UNITED STATES—AMOUNTS CONTRACTED FOR, 1948-1949

Mr. Coldwell:

1. What amounts of American exchange were contracted for, each week, through the Canadian banks, acting on behalf of the foreign exchange control board, covering the period from August 1, 1948 to October 1, 1948, and August 1, 1949 to October 1, 1949, by all importers?

2. What were the total contracts outstanding for the sale of United States dollars for forward delivery on (a) September 19, 1948, or nearest date of record; (b) September 19, 1949, as indicated on final reports as of that date?

3 What were the total contracts outstanding for the sale of United States dollars for forward delivery

covering the importation of coal on (a) September 27, 1948; (b) October 11, 1949, or date of record nearest but subsequent to September 19, 1949?

Mr. Sinclair:

1. New bookings by foreign exchange control board of United States dollar sales for forward delivery:

	1948
August:	
2—7	$ 8,703,226
9—14	11,594,293
16—21	8,698,090
23—28	11,164,838
30—Sept. 4	7,926,586
September:	
6—11	9,668,169
13—18	10,725,275
20—25	15,783,277
27—Oct. 2	7,365,280
	$91,629,034

	1949
August:	
1—6	16,059,057
8—13	7,635,739
15—20	8,558,899
22—27	17,602,814
29—Sept. 3	18,844,126
September:	
5—10	24,761,323
12—17	20,930,942
19—24	32,879,255
26—Oct. 1	3,893,667
	$151,165,822

2. (a) As of September 18, 1948—$87,324,007.

(b) As of September 19, 1949, including contracts booked after that date at rates of exchange in force prior thereto in accordance with section 7 (1) of P.C. 4838 of September 19, 1949—$174,235,607.

3. (a) $9,719,833; (b) $14,955,451.

WHEAT—SELLING PRICE IN ENGLAND

Mr. LaCroix:

1. Are Canadian wheat and Canadian wheat by-products selling in England at a lower price than in Canada?

2. If so, for what reasons?

Mr. McIlraith:

1. Canadian wheat: No. Canadian wheat flour: Yes.

2. The British ministry of food purchases Canadian wheat and flour on the basis of the Canada-United Kingdom contract price of $2 per bushel for No. 1 northern wheat basis in store Fort William/Port Arthur, Vancouver or Churchill, plus carrying charges.

Wheat and flour are sold in Canada on the same basis. Because of a British consumer subsidy on bread and flour (for use other than bread) Canadian wheat flour including subsidy is resold at a lower price in England than in Canada.

NAVAL SERVICE—ANTI-SUBMARINE ESCORT SHIPS

Mr. Isnor:

1. Have plans been prepared during the past twelve months for new naval anti-submarine escort ships?

2. If so, who prepared such plans and specifications?

3. Has work been started on these ships?

4. If so (a) what number of ships are to be constructed; (b) what are names and addresses of shipyards where the work will be carried on?

5. Of what type and size will these vessels be?

6. What will be estimated (a) cost; (b) time to complete work; (c) number of men employed?

Mr. Blanchette:

1 and 2. Designs prepared by Department of National Defence, and working plans are now under preparation by the contractors in consultation with officers of the department.

3, 4, and 5. Contracts have been placed for three anti-submarine escort vessels (classed as major war vessels, and replacing the frigates and corvettes of world war II), construction of which is expected to commence late this year or early in 1950 at the following shipyards: Halifax Shipyards Limited, Halifax; Canadian Vickers Limited, Montreal; Burrard Drydock Company Limited, North Vancouver.

6. Estimated: (a) Construction cost $8,000,000 per ship. (b) Under normal conditions, three to four years. (c) If as in (b), 1,500 to 1,800 at shipyards.

QUEBEC CITY—ST. JOACHIM RAILWAY LINE

Mr. Maltais:

1. Who owns the railway line between Quebec city and St. Joachim?

2. Is part of this line used by any other corporation or individual?

3. If so, what is the agreement or arrangement between the owner of the line and the company or individual operating trains thereon?

4. Is the Canadian National Railways negotiating for the acquisition of the said line, or considering taking over the line and either operating same or giving running rights over it to some other operator?

Mr. Chevrier:

The Canadian National Railways advise as follows:

1. The Quebec Railway Light and Power Company.

2. Yes.

3. The Quebec Railway Light and Power Company performs train operations over its line. Such operations include the handling

of Canadian National through equipment between Quebec and La Malbaie on an interline basis.

4. No.

LIEUTENANT COLONEL A. G. WYGARD

Mr. Pearkes:

1. Is Lieut.-Colonel A. G. Wygard, supplementary reserve, one of the group of officers representing Canada on the united nations mission for India and Pakistan?
2. If so, is he a Canadian citizen, either by birth or naturalization?
3. If by naturalization, when did he apply for and receive Canadian citizenship?
4. What service did Lieut.-Colonel Wygard have in the Canadian army?
5. When was he placed on the supplementary reserve?
6. How long has Lieut.-Colonel Wygard resided in Canada?
7. Did he, at any time during world war I, serve in the armed forces of any country at war with Canada? If so, in the forces of what country, and what rank did he hold?

Mr. Blanchette:

1. Yes.

2. Yes, by naturalization.

3. Applied 29th July, 1943. Received naturalization certificate 28th February, 1944.

4. Appointed lieutenant August 1942, and employed with directorate of military intelligence. Wygard continued in intelligence work for the balance of the war, serving in Ottawa; Washington, U.S.A., and London, England. He was promoted to captain in May, 1943; to major in May, 1944, and to lieutenant colonel in August, 1945.

5. 4th March, 1947.

6. Since 12th July, 1940.

7. This department has no record of this officer having served in the armed forces of any country at war with Canada during world war I.

BELL TELEPHONE COMPANY—APPLICATIONS FOR RATE INCREASE

Mr. Fulton:

1. Does the dominion government telephone service base its rates for service in whole or in part on telephone rates charged by commercial telephone companies?
2. If not, on what basis are its rates assessed?
3. Is the dominion government opposing or otherwise the applications of the British Columbia Telephone Company, a Bell Telephone subsidiary, and the Bell Telephone Company for increases in telephone rates?
4. Is the dominion government or the Department of Transport to be represented in any way before the board of transport commissioners on the hearing of the above mentioned applications? If so, how is it to be represented?

Mr. Chevrier:

1. In part, yes. The monthly rental is lower than a commercial company would charge. The long distance toll rate must necessarily be equal.

2. The monthly rental rate is assessed according to conditions prevailing in the area.

3 and 4. No. Under section 52 of the Railway Act, any aggrieved party may appeal to the governor in council. It would be inappropriate for the government to be represented by counsel at the hearing of a case upon which it might later be called to sit in judgment.

It might be added that information in the department indicates that the British Columbia Telephone Company is not a subsidiary of the Bell Telephone Company of Canada.

CUSTODIAN OF ENEMY PROPERTY

Mr. McLure:

1. In what Ottawa building are the offices of the custodian of enemy property located?
2. What is the annual rental paid for office space by this branch of government?
3. How many persons are presently employed in the office of the custodian of enemy property and what is the total annual salaries paid these persons?
4. What is the estimated value of the property over which this branch of government still has supervision (a) property taken over in world war I; (b) property taken over in world war II?

Mr. Bradley:

1. Victoria Building, Wellington and O'Connor streets.

2. $37,386 (including $7,107 for Vancouver branch).

3. (a) 141 employees (including 17 in Vancouver and 4 in London, England); (b) $429,330.76 (total salaries for the three branches).

4. (a) World war I, $1,908,563.46; (b) world war II, $99,136,201.63.

HOUSING—RECONSTRUCTION PROJECTS—ALLOCATION FOR FISCAL YEAR ENDING MARCH 31, 1950

Mr. Green:

What allocation, if any, has the treasury board made for reconstruction projects under vote 890 of the estimates for the fiscal year ending March 31, 1950?

Mr. Winters: Nil.

*BELL TELEPHONE COMPANY—APPLICATIONS FOR RATE INCREASE

Mr. Church:

1. Will the dominion government be represented by council before the board of transport commissioners hearing the application for increased tolls by the Bell Telephone Company of Canada?
2. If so, who has been appointed to do so?

Mr. Chevrier: This information has been given in an answer tabled today in reply to a question asked by the hon. member for Kamloops (Mr. Fulton).

Mr. Speaker: Answered.

Mr. Church:

1. Does the statute of 1948 increasing the capital stock of the Bell Telephone Company from one hundred and fifty million dollars to half a billion dollars, contain any provisions regarding increased tolls and rates?

2. If so, what were the provisions of the statute in this connection?

Mr. Chevrier: The information requested in this question may be secured by obtaining a copy of the statute from the library or any other source. I believe it is clearly stated, and is an established rule of this house, that a question seeking information contained in documents readily accessible to the questioner, such as statutes, published reports and the like, is not one that should be answered in this way. Therefore I ask that the question be dropped.

Mr. Speaker: Dropped.

TRANS-CANADA AIR LINES—REPRESENTATION OF WESTERN CANADA ON BOARD OF DIRECTORS

Mr. Knowles:

1. Has the government received representations from the Winnipeg chamber of commerce asking that western Canada be given representation on the board of directors of Trans-Canada Air Lines?

2. If so, has consideration been given to such representations?

3. What is the result of such consideration?

Mr. McIlraith:

1. Yes.

2. Three members of the board of directors of T.C.A. are appointed by the government and four by the C.N.R. There are no vacancies on the board at present, but in the event that any may occur the C.N.R. has been asked to consider the suggestion that western Canada be represented on the board.

3. See answer to No. 2.

NEWFOUNDLAND—PUBLIC SERVICE PENSIONS

Mr. Higgins:

Have there been consultations between the federal government and the government of the province of Newfoundland with respect to the detailed application of term 39 of the terms of union, relating to public service pensions?

Mr. Sinclair: Yes.

NEWFOUNDLAND—CLARENVILLE BOATS

Mr. Higgins:

What is the position with respect to the taking over and operation by the government of the Clarenville boats, the property of the province of Newfoundland?

Mr. Chevrier: No developments have taken place with regard to the operation of the Clarenville boats since the date of union of Newfoundland with Canada. The Clarenville boats are still the property of the province of Newfoundland.

Orders for Returns

QUESTIONS PASSED AS ORDERS FOR RETURNS

KILLARNEY, MAN., POST OFFICE

Mr. Ross (Souris):

1. Did the federal government purchase property in Killarney, Manitoba, for a post office? If so, in what year?

2. What was the purchase price?

3. Did the federal government, or agency thereof, pay rent for said property following the purchase?

4. If so, to whom?

5. What amount, and for what period of time?

HOUSING—TRENTON, ONT.—AIR FORCE DEVELOPMENT

Mr. Noseworthy:

1. Who owns the land on which the air force housing development at Trenton is being built, and how much land is in the entire development?

2. Under whose auspices was the development initiated, and who is responsible for the whole development at present?

3. How many homes have been built, and how many homes will the entire development contain?

4. What contractor or contractors obtained the contract for the first project called Middleton Park?

5. What was the contract price per unit, and what was the total contract price?

6. What contractor or contractors obtained the second contract, and for how many homes?

7. What is the contract price per unit on this second contract?

8. What architects prepared the plans for project No. 1 (Middleton Park)?

9. What architects prepared the plans for project No. 2?

10. What was the total cost of installing services for project No. 1, and what does this cost include?

11. Who financed the Middleton Park project, and what was the total cost of the project, including land, services and homes?

12. What is the rate of interest being charged on the money used to build this project?

13. Who is financing the balance of the development, and at what rate of interest?

14. What is the rental scale for all classes of air force personnel at Middleton Park?

15. Are rents charged, economic rents?

16. Are they subsidized in any way? If so, to what extent and by whom?

NEWFOUNDLAND—PUBLIC BUILDINGS

Mr. Higgins:

1. What public buildings of the province of Newfoundland have been taken over by the federal government and where are they situate?

2. What is the value of each such public building taken over?

3. What buildings in Newfoundland are being rented from the province of Newfoundland by the federal government, where are these buildings situate and what is the rent being paid for each such building?

4. What buildings in the province of Newfoundland other than public buildings have been rented by the federal government?

5. Who are the owners of such buildings, what is the rent being paid for same and by what department or individual are such buildings occupied?

6. Has the federal government purchased any buildings in Newfoundland?

7. If so, what was the purchase price of each, where are they located and by what department or individual is each such building occupied?

Inquiries of the Ministry

NATIONAL HOUSING ACT

AMENDMENTS PROVIDING FOR JOINT OPERATION OF HOUSING PROJECTS AND LOANS TO HOME OWNERS

Hon. Robert H. Winters (Minister of Reconstruction and Supply) moved that the house go into committee at the next sitting to consider the following resolution:

That, it is expedient to present a measure to amend the National Housing Act, 1944, and in particular to provide that the assembly of land for residential purposes and the construction of housing projects for sale and for rent under arrangements by which the capital costs and the costs of operation of such projects will be shared seventy-five per cent by the federal government and twenty-five per cent by the provincial governments be undertaken jointly with the said governments; and further to authorize the making of loans to prospective home owners in addition to basic joint loans under the act, in amounts not exceeding one-sixth of such basic loans; to authorize an increase in the loans that may be guaranteed for home improvement and home extension purposes under the act, and to increase the aggregate amount presently authorized for loans and losses under part I of the act, the funds for the said purposes to be provided out of the consolidated revenue fund.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Motion agreed to.

UNITED NATIONS

INTERNATIONAL CHILDREN'S EMERGENCY FUND—DONATION BY CANADA

On the orders of the day:

Mr. Angus MacInnis (Vancouver East): Is it the intention of the government to make a donation this year to the United Nations international children's emergency fund?

Hon. Douglas Abbott (Minister of Finance): Yes. Item 779 in the further supplementary estimates which I tabled on September 28, 1949, provides an amount of $1,075,000 for the international children's emergency fund.

INSECT PESTS

ANSWER TO QUESTION RESPECTING TERMITES IN TORONTO AREA

On the orders of the day:

Mr. Robert McCubbin (Parliamentary Assistant to the Minister of Agriculture): On Friday last the hon. member for Eglinton (Mr. Fleming) asked a question of the Minister of Agriculture. In the absence of both the minister and myself the Prime Minister said the matter would be brought to the attention of the department, and I have an answer now which I should like to give to the house.

The termite problem in Canada is confined to an area in Toronto east of Yonge street and south of Danforth. These insects are found only within an area of three and one-half miles by one and one-half miles, definitely affecting a total area of approximately 250 acres. They occur in eight separate locations of varying sizes, most of them considerably distant from each other. Termites were first encountered in Toronto in 1940. Since then they have been under observation by officers of the Department of Agriculture. A thorough and systematic survey in 1948 and 1949, using 600 natural baits at various points throughout the city, gave no suggestion of spread of consequence in Toronto itself; and 1,500 similar baits at various points throughout the southern counties of Ontario failed to show a single occurrence. The results of the study and survey substantially confirm the opinion of the leading termite specialist of the United States Department of Agriculture who studied the situation, that the insect had been present in Toronto for many years and may have been native to the locality upon which the infested part of the city has been built.

During the period in which termites have been known to occur in Toronto, officials of the Department of Agriculture have kept the city of Toronto fully informed, through the commissioner of buildings and by conferences with the mayor from time to time, and have kept the authorities of the province of Ontario informed in detail through the provincial entomologist. In co-operation with the latter, bulletins of advice with respect to the control of this insect have been made available to all concerned in the quantities required.

The results arising from studies of termites in the United States over many years were reviewed by officers of the Department of Agriculture, and, in light of Toronto conditions, certain changes in the building code of the city were recommended to the suitable authorities with a view to avoiding infestation in further construction.

The point of view of the Department of Agriculture has been that control of these insects, and permanent measures to be taken in protection of buildings in Toronto, are the responsibility of those whose properties are affected, and that the department holds itself responsible only for investigation of the problem, tendering of advice, and direction as to what should be done to ameliorate the condition. The department has suggested that in each of the infested areas meetings

might be held at which small-scale demonstrations of protective measures be undertaken, and is quite prepared to co-operate by providing the advisory services necessary. This is the usual method of approach to such a problem in the control of insects in agriculture which are from their nature manifestly a matter of local concern.

Mr. Harris (Danforth): I should like to remind the intelligentsia of this house that these termites have a habit of crawling, and that they are always looking for new fields of activity. I should also like to remind the parliamentary assistant that the time for having meetings expired before the by-election; therefore he is too late.

Mr. Wylie: As a western member, may I ask the parliamentary assistant to the Minister of Agriculture this question? In view of the statement he just made, can he tell the house how many termites are going to vote in the by-election today being held in Toronto?

Mr. Cruickshank: That will depend on the social credit vote.

Mr. Graydon: You are a little bit slow, but you are good.

COMBINES

BAKERY FIRMS IN WESTERN PROVINCES—QUESTION AS TO PROSECUTIONS

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): Is the Minister of Justice in a position to give a measure of enlightenment, equal to that given just now on another matter by the parliamentary assistant to the Minister of Agriculture, in answer to my question as to the prosecution of bread companies in western Canada?

Mr. Graydon: Termites have gotten into that too, I suppose.

Hon. Stuart S. Garson (Minister of Justice): I am informed that charges have not yet been laid. Counsel recently reported to the department that the lengthy task of preparing the case for trial is now nearing completion.

Mr. Diefenbaker: Is the minister utilizing the services of the attorneys general of Saskatchewan and Alberta in the preparation of the case?

Mr. Garson: No. The usual privilege of prosecution was extended to the two provinces, as in all cases of the kind, and neither province wished to exercise that privilege. The case is being handled by counsel in Alberta, instructed by the Department of Justice.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Friday, October 21, 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. Rowe, and the amendment to the amendment of Mr. Thatcher.

Mr. Irvin W. Studer (Maple Creek): Those of us from far-away places, Mr. Speaker, would like to suggest a few things this afternoon in connection with the budget, the amendment thereto and the amendment to the amendment. The reason we should like to do so is that we come from an area in Saskatchewan which at most times is in such a position that the budget is of extreme interest to it, as it is to other parts of Canada. We who come from the wheat-growing area of Canada, inasmuch as wheat is one of the products that create considerable wealth in Canada, think that interesting items like the budget enter into our situation. We think that the amendment also affects us, as does the subamendment. For this reason, for a little while this afternoon, we should like to continue the debate which was started last spring.

We have been told that this budget has changed little from what it was last spring. I think all of us will realize, however, that if the budget has not been changed, the amendment is different from the one that was proposed last spring, as is the subamendment. Regardless of all the lost markets we have heard about, a continuation of what I believe was stated to a considerable extent last spring, and the effect the different policies of the government have had on us since that time, we would suggest that possibly the situation is not quite so different as has been suggested to what it was at the particular time last spring when the budget was offered for our consideration.

This amendment as well as the subamendment are of great interest to us because it appears to me that the adoption of certain amendments or subamendments can change the entire economy of the country. One of the things done by this government of Canada, which is now and has been for some years in power, is this. It has created a balance in all its operations—in its laws, and in everything that affects the balance of the economy of this country. The government did not concentrate its efforts along one particular

line, to the detriment of some other particular line. For instance, it had regard to agriculture, industry, and every line in the general economy of Canada that one might care to mention. This particular balance is the secret of good government. In my estimation it is the reason why opposition members are here in smaller numbers than they were last year. It keeps them in a position where one could say they are "fanning the air," because they have most certainly changed their amendment and subamendment from what it was last spring. Here is the amendment that the opposition offered last spring. For the benefit of those of us who are newly arrived here, the amendment offered by the opposition, to be found at page 2188 of *Hansard* of March 31, 1949, reads as follows:

> This house is of the opinion that the government does not possess the confidence of the country.

A subamendment was moved by one of these splinter parties which reads as follows, as reported on page 2192 of Hansard:

> regrets (a) the failure of the government to remove the sales tax; (b) the action of the government in removing the subsidy on flour milled for domestic purposes, thus adding to the cost of living, and (c) the failure of the government, despite rising national income, to make any provision to improve the living standards of the millions of Canadian people compelled to live on income below the income tax exemption levels.

The amendment of this year is considerably different. It will be found on page 1023 of Hansard and reads as follows:

> This house regrets that the government has failed to take effective measures to prevent the present decline in our trade with the sterling area and is of the opinion that the government should consider the advisability of inviting the nations of the commonwealth to a conference in the immediate future for the purpose of working out arrangements to preserve and enlarge those traditional markets on which jobs and opportunities for Canadians very largely depend.

One of the splinter groups again moved a subamendment, which is to be found at page 1027, and reads as follows:

> Give immediate consideration to a reduction of tariffs sufficient to encourage an increase in imports from the United Kingdom and other sterling countries.

These opposition groups have changed their position. Last spring one of them said that the country did not have any confidence in the government. They have changed their position to one that is a shadow of what it might have been had we not had as good a government as we have had during these past years. Much of what is contained in the amendment and in the subamendment has been in existence in the operations of the government. I do not think that any government in power in Canada could make any particular move in regard to the operation and ramification of business in the world today without having a conference with members of other governments in other parts of the world. I do not believe that this government would ever leave anything undone in regard to free trade that would be to the benefit of this country. If it is possible to import something that this country needs, and if it will not injure someone in this country, I am sure that it will be done. As I see it, it should be kept in mind that if we are to import into Canada goods that are produced by people in other countries who have not the same standards of living that we have it will most certainly lead to unemployment in this country. If our workers receive $1.25 or $1.50 an hour and the workmen in some other country are receiving much less to produce a particular article, to import that article would certainly mean that we would be lowering our standard of living and creating unemployment in this country. Therefore, again I come back to the balance that this government has always had in view in the entire economy of this country.

We do not wish to reduce the standard of living of any of our labouring people. We wish to raise it. We wish also to raise the standard of living of people in other countries so that when we trade with one another we do not do it to the detriment of our people. That is the Maple Creek view of what this situation can lead to in this country of ours. The balance which the government has used in its operations is proved by the overwhelming majority which is evident in this parliament at this session. I hope that the government will continue its operations in the same manner. Some reference was made the other night to the happy expression on the face of the Minister of Finance (Mr. Abbott). I would suggest that that happy expression was due to the fact that he did not take the advice of the opposition in the past years.

I understand, Mr. Speaker, that in the budget debate, as on the address in reply to the speech from the throne, hon. members can talk about all situations and bring them before the parliament of Canada. During this session we have heard many speakers talking about their constituencies and about what is produced in various areas. Some hon. members have referred to iron ore, lumber, oil, coal and uranium. Some other hon. members spoke of apples, peaches, grapes, wheat and other grains, livestock and beef, and all the good things of this world. Every constituency has its differences. They are all affected by duties and tariffs. We are affected by them in Saskatchewan. We are interested in tariffs and duties. I am interested particularly because there is a hundred and

eighty miles of border between my constituency and the state of Montana. In that area, we know, there are many things that can be obtained on the other side of the line at a lower price than on the Canadian side. On the other hand, there are many things in Canada that the people of the United States would like, which cost less in Canada than they do on the other side of the line. We know that in Canada our freight rates are lower than they are in the United States. We can haul our grain cheaper to Fort William and Port Arthur than they can haul it a similar distance in the United States to Duluth. There are compensating factors in connection with duties, tariffs and free trade.

To come back to the subamendment, I do not think there is any argument against free trade to the largest extent possible provided that no particular class or industry in Canada suffers as a result. We sometimes wonder at the attitude of some of our splinter parties, particularly our C.C.F. friends, in regard to this matter. The hon. member for Moose Jaw (Mr. Thatcher) moved the subamendment which calls for free trade. He said that the Liberal party should bring into existence right now something that it has preached for fifty years. I would ask the hon. member: How many years have the C.C.F. been preaching free trade? If I remember correctly, it was not very many years ago that party said that free trade was absolutely obsolete in this country, that it was not up to date; and yet we see a change of mind today and our friends are talking about free trade.

The other day the leader of the C.C.F. party (Mr. Coldwell) said that the late Mr. Woodsworth of respected memory changed his mind about the constitution. I would suggest that it is not only the hon. member for Moose Jaw and some others who have changed their minds; most if not all of the members of the C.C.F. party have been changing their minds throughout the years of their existence. I believe Canada is fortunate in that it did not adopt, either provincially to any extent, or particularly federally, the advice that has been tendered to it. I think the people of Canada have made up their minds that they are not going to have any part or parcel of socialism. I would suggest to our friends that they continue to change their minds, and after a few more years they may be of the same mind as the Liberals. Taking everything into consideration for the betterment of all the people of Canada, they cannot do otherwise.

Some years ago the doctrine of self-sufficiency was preached in this country. It was said that we had enough coal, iron, lumber, and everything else that entered into the economic life of Canada, to build up our own economy without depending to any extent on any other country. All we had to do was elect the C.C.F., bring their policy into existence, and we would have everything. We were told we could be self-sufficient within our own country.

I am glad to see however that they have changed their minds. They also changed their minds with respect to certain policies they had in 1934, one of which was called the use-lease system of owning land. We heard about that system in Saskatchewan and it was called the useless-lease policy. However, under the use-lease system all the land would belong to the state, and one would lease over a period of ninety-nine years. If they have not changed their minds about that, at least they have not said much about it since that time.

If I do not understand it correctly, I should like to be corrected with respect to their attitude concerning the first year of the last war. My recollection is that out in Saskatchewan the matter came into prominence when we were told that the war then taking place in Europe, and in which eventually we became involved, was not our war. We were told that it was a capitalistic war—"Why do the people of Canada send their sons overseas to die? Why fight and die for the capitalists?" That is what we heard in Saskatchewan.

If we had followed that policy—and again they changed their minds—there would have been no Canada or commonwealth, as exemplified in the proceedings which took place in this chamber this afternoon. I say therefore that our government is to be commended upon not having followed the advice and the prophecies of those parties during that period of time, when they tried to tell us that the whole world was out of step, except them. That was the impression they tried to leave in Saskatchewan, and the impression which has been left almost up to this date by them in the dominion House of Commons.

The Liberal party is not encumbered by socialistic thinking because they know that civilization has by-passed socialism, that socialism has no place in Canada and, for that matter, possibly no place in any other country. Civilization has now advanced to a position where we have everything necessary to give far and beyond what socialism ever had to offer.

Does anyone wish to tell me that when we achieve socialism we have reached the end of the line, that there is no further progress nations can make? I suggest that these people might change their minds again with regard to socialism, both the people of Saskatchewan and those who are here in the House of

Commons. What we can strive for, what we can advance to, and the standard of living we can attain is something beyond anything offered by any socialist country in the world.

Our C.C.F. friends have never ceased to be surprised that Liberals are still here. They continue to criticize and to offer their policies to people in all parts of Canada, policies which they have suggested we here in the House of Commons should adopt. I make the prediction that if this continues, and if these people continue giving their advice and making their promises for the next five years there will not be any opposition in the House of Commons. The Liberal party will have to form their own opposition—and possibly we would then make real progress, without hindrance.

However, let it not be assumed that they have not made a contribution to this Canada of ours, despite the fact that none of their prophecies has ever been fulfilled. They have made a contribution because out in Saskatchewan the people have been sorely tried at times. There have been crop failures after crop failures in many localities. The people have suffered, and when people are suffering they are in a position to accept something which may not be what they would wish to have over a long period of time. However at a given moment they may accept something as a palliative for the time being.

During the last fifteen years the people of Saskatchewan have been sorely tempted to adopt another philosophy of life, sorely tempted to import into Canada, not some of the things we need for the benefit of all our people, but a new ism which has been held out to them as a solution for all the ills of our country. The same thing is taking place today—day after day, in various parts of Canada. I would suggest again that they change their minds. The people have been tempted—and I am not going to say that I have not been tempted along with others—during times of depression, at times when there have been crop failures and suffering, times when we have had to go without things which the people in Saskatchewan need.

At times we have been sorely tempted, and in being tempted we have tried to determine which policy would be most beneficial to us over a long period of time. There is in Saskatchewan a man who speaks frequently over the radio, and almost invariably concludes his subject by stating, in effect, "You have been born into the old parties; you have to think yourself into the C.C.F."

The people in Saskatchewan—indeed people right across Canada—are thinking their way right through the C.C.F., and are determining for themselves that there is another ism to which they can cling, and which can be adopted in Canada, something which will make us self-sustaining and help to build a bigger and greater economy which will result in a higher standard of living. It will not be socialism; it will be Canadianism.

There are many people in Canada, some of them on our own government benches, some in leading positions in the official opposition, some who are leaders among the splinter parties, if they may be so described, who, if directed along correct lines, could build up the greatest economy this world has ever known, and thus be of benefit not only to Canada but to other countries. In my view the benefit which would result in other countries would be as important as that resulting to Canada.

Our C.C.F. friends in Saskatchewan and here have talked about promises the Liberal party did not fulfil. I have heard speaker after speaker from the splinter parties—and if there had been some from this party I would not excuse them—who have picked up pieces of newspaper in an effort to substantiate their arguments, pointing out whether or not it was correctly quoted. Surely there is something lacking if we have to substantiate our arguments on pieces of paper of one kind or another. Have we not sufficient evidence to determine a policy without that sort of thing?

After all, as I see it we are here to conduct the business of parliament. We know that tariffs, customs and free trade are two-way propositions. We must keep in mind that we are an exporting country, and that we export about 75 per cent of our wheat and high percentages of our other foodstuffs. As an exporting country we must consider not only what we would like to do, but that there is someone in some other country who may wish to buy our food and who will have some views to express. That is why there might have been some merit in the amendment offered by the Progressive Conservative party to the effect that there be a conference. No one would have any objection to that—but, as I have already intimated, such conferences are continually in process.

At the risk of boring the house, I would refer again to conditions in my part of the country. Our difficulty is not so much one of exports; rather, it is the plight in which people find themselves when they wonder how they are going to get along for another year. They know the only thing that has kept them in existence has been the policies of this dominion government. During the past few years the government has not only encouraged the production of commodities required in other parts of the world, but made possible the continued existence of those people during years of crop failure.

I would suggest that the government give serious consideration to increasing the crop-failure payments in some of the isolated areas where the people are sorely in need of assistance. I am told that at least some of the money that the dominion government puts into the pockets of these people is taken right out again by the Saskatchewan government. Irrespective of that situation, the fact is that some of these people have suffered continual crop failures over the last five years. In some areas there have been two, three or more consecutive crop failures.

When a crop is produced in that area it is a high-protein crop. As everyone knows across the line in Montana if the farmer produces a crop containing more than 16½ per cent protein he gets 15 cents additional for his wheat. The people in that area know of that and they wonder why something could not be done here. In Canada no consideration is given by the wheat board for high protein content and no benefits accrue to these individuals who might otherwise receive them.

When the crop failure plan was brought into operation in 1939 it was provided that a maximum payment of $500 would be paid for a complete crop failure. Everyone knows that today $500 will not buy half of what it bought back in 1939. It might be said that these people should move out of this area, but the fact is that there is no place for them to go. They simply want to be placed in the position where they can carry on for another year.

Any money that is paid out by the dominion government in this area will not be wasted, and these people would not want it to be wasted. There has been paid out in the Swift Current area over a period of years a total of $25 million in the way of assistance. The assessment in those same 16 municipalities totals around $28 million. But during that same period over $200 million of new wealth has been produced in that country. It might be said: If that is so, why do they need consideration? The trouble is that this production is only at intervals; it is not spread evenly over the years. There is not the stability there that is present in other parts of the country. We may produce wealth for one, two or even three years, but then there will come a period of years when practically nothing is produced.

Not only our farmers but our businessmen want stability. I have on my desk petitions signed by thousands of people, including the businessmen in the area. They ask for this assistance because they say that is the only way they will be able to continue to carry on. It is not asked for as a gift. We believe it will be an investment because it will be repaid. There are other countries which have taken much longer than ours to rehabilitate themselves and put themselves in a position where some stability exists. The expenditures we have made under P.F.R.A. have been made wisely. Over 40,000 dams and dugouts have been built and are being used for irrigation purposes. We talk about the south Saskatchewan and the St. Mary river and the innumerable other projects that are being carried on, but we must not forget what is being done on little farms here and there in the way of small dams and dugouts.

These holes are dug in the ground in order to catch the water that runs off when the snow begins to melt in the spring. Dams are placed across the coulee so that the water from the melting snow is caught in the spring. That water is used for irrigation purposes by means of a pipe running out from the bottom or by pumping the water out over the dam. Over 75 community pastures have been set up in order that this section may have areas of reserve grass which can be used during the dry years.

Part of the money is being used for scientific research. Men with the necessary knowledge are investigating the possibilities of growing different types of grasses and crossing various native grasses, even the sage-brush. Efforts are being made to find different grasses that can be grown in that country. Then contour method of farming is being advocated. This is really ring-around-a-rosy farming instead of going straight up and down so that the water may be caught and not permitted to run off in the springtime.

This all takes time. I can assure the house that this money will be well spent and it will be repaid in full. We would not accept it as a gift. We will return it to you, not only as money but in the form of assured permanency. After listening to what we heard today about hungry people in all parts of the world we must realize that the day is coming when every acre on earth must produce to the full. That is necessary if we are going to have any stability on this earth of ours. Hunger creates unrest and the extermination of other peoples.

Canada stands unique among the nations of the world. We are able to maintain a high standard of living because of our ability to produce such tremendous crops of grain and other products and have such quantities available for export. Our duty is to produce food to take care of as many people in the world as we possibly can.

Therein lies security for Canada. Millions and billions of people in the world are not going to stand idly by and see countries like the United States and Canada continue with

their high standards of living unless our countries make some effort to alleviate the suffering that is present in other parts of the world. The United States and Canada have approximately 160,000,000 people who have a very high standard of living and we must do our part. This is the atomic age when we are no farther from Asia or China or from many other countries than one province was from another fifty years ago. These things should be done for security reasons if we do not want to do them from humanitarian motives. Let us give immediate consideration to what is happening in other parts of the world and let us produce as much grain and other products as we can so that as many as possible in these other countries may be cared for.

We ask that consideration be given to these things. One other disability that we face is the differential in freight rates. There are in the freight rate structure gaps which have not been closed up in certain sections of my constituency and the result is that farmers have to pay a cent or more per bushel to ship out their grain. This is due to backhauls and other factors that enter into the cost of operation.

It has been demonstrated by the university in that area it costs $5.37 to prepare an acre of land for cultivation. This would include the cost of the seed, the cost of preparing the land and all the rest of it. That may be small when compared with the cost in other parts of the country, but I point that out for one reason. Because of our lower costs we can make an enormous contribution to the welfare of Canada. We could make great advances in a short period of time and for this and other reasons I submit that we are entitled to consideration.

I believe there are over 600 returned soldiers who have taken up land in that area. It may be asked why they did that. They did it because they felt there was something there in the future. Even the returned man who risked his life for his country was able to see that. He is usually a pretty bright fellow. When he returns he is familiar with the experiences of his father, and he would hesitate to settle in that area if there were not a future there. He sees the same vision that many other people of that area see. He is trying to do his bit to bring about the progress of the country, and at the same time his own progress, so that the area will be an asset to the whole country.

We like to present the situation in the west, but that does not deter us from trying to understand the situation in the east. If you understand our problems and we understand yours, there is nothing that can stand in the way of the Canadian people and their parliament or prevent them from achieving the stability and permanence which are their objectives.

I should like to discuss another subject for a few moments. References have been made to the large number of members in the house and coupled with that regret has been expressed in various parts of the country that there are no women members. I am sure we all regret that women are not represented in the house, but I have not heard any of the members say that they are willing to resign to make room for a woman, nor have I heard myself say so. There are no women here, but that does not mean that the influence of women is not present. We can certainly say that the maternal influence has been much in evidence in Liberal governments of the past. Women have intuition and men have not, but because of their influence did we not introduce family allowances specifically for women? There are other social measures which affect them, and I do not believe any other country in the world has anything comparable. Women's influence is present in the house, and I know it is here with me because I have not said anything since I have been a member of the House of Commons that my wife has not told me to say. We want the influence of women to continue, and as time goes on we want it to grow so that all the people of Canada, women and men, will be satisfied with this government.

I think most people were pleased this afternoon to hear the wonderful expression of good will towards Canada from our distinguished visitor. I think he hit upon one secret of success for Canada in the attempt he made to speak the French language. I believe that is expressly what this country needs. I think the French-speaking people of Canada are to be congratulated on the wonderful attempt they are making to place their situation before us, and their ideas about what they believe the policies of Canada should be. The successful manner in which they present their views is a compliment to them. Many hon. members are making an effort to learn French, and it cannot do otherwise than add to their culture. It certainly takes nothing away from an individual and always enriches him. I should like to see that carried on further. I should like to see us learn what we can from the French people so that we may understand their ideas and their culture.

(Translation):

Allow me, Mr. Speaker, to join other members of the house in addressing you briefly in French. The wonderful and successful effort made by the French-speaking members in the use of our language should

encourage us to do likewise with regard to the French language. In order to really understand the destiny of Canada, it is necessary not only to know one another, but we must also fully understand our problems. Then we from western Canada shall visit you in the east. You from the east who have relatives and friends in western Canada will want to visit them, and us too, and at the same time get acquainted with our problems. We shall thus be in a position to do our utmost to make Canada a greater, a more prosperous and happier country.

(Text):

I suggested to the French-speaking people that they come out to the west and see us because they have many friends and relatives there. While they are out there we will treat them in the same way that they treat us when we are in the east. No one on earth could treat us better than the people of the eastern provinces when we come down here to see them.

The government, with its overwhelming majority, will appear still greater in the eyes of the people of Canada by reason of the way in which it treats minorities. When we have an overwhelming majority we wish to extend every courtesy to those who may be in the minority, not only throughout the length and breadth of Canada but also the minority in the official opposition, and our splendid splinter parties. Someone told me it is not necessary to have splinter parties. Sometimes we wonder why there are such things. Eventually they come around to our way of looking at matters. We sometimes wonder why they would not rather be a part of the ocean on which the ship of state sails so majestically instead of continuing to be something that the tide washes in and then washes out again. We look to them to be a part of Canada, to place themselves in the position where they can make their contribution to Canada and be such Canadians as to merit the love of all. If there is one thing necessary in Canada it is the true love of our country and I should like to see that developed.

In the words of Sir Walter Scott:

> Breathes there the man, with soul so dead,
> Who never to himself hath said,
> This is my own, my native land!

I should like to see that spirit develop in our land from one end to the other so that in times of danger within and danger without the people of every province of Canada will rise as one man and battle unto death for Canada. If we can do anything to develop that spirit I think we will have made a great contribution to Canada.

I believe that Canada needs a flag. A flag is the symbol of unity between the individual and his country, and therefore I advocate a flag for Canada. It is our common wish to build a greater Canada. The people of Canada have a vision of what can be accomplished in a country so large and with so many natural resources, a country that has almost everything to make it the greatest in the world.

Now that Newfoundland has become a province of Canada and we have Canada united from Vancouver island to Newfoundland into one great entity, which I think was the vision of the fathers of confederation, I hope eventually it may be said of the present leaders of the country as it has been said of the fathers of confederation that they exhibited great vision for the future greatness of the country. Over one of the portals of this parliament building are carved these words: "Where there is no vision the people perish." Let us work together so that our advance and our betterment may be such that it can be said of our leaders, as it was said of the fathers of confederation, that they set their eyes toward the rising sun; that they laid their foundations upon the rock; that they builded better than they knew.

Mr. William Bryce (Selkirk): Mr. Speaker, I listened very attentively to the remarks of the hon. member for Maple Creek (Mr. Studer), which I enjoyed. I feel quite proud to be one of that splinter group to which he referred; and I can assure him that a splinter is a bad thing if it gets beneath your skin. However, I have my own speech to deliver, and I have been asked by the government to hurry along so that we may get on to other business.

I want to take this opportunity to bring before the government two matters of great importance to my constituents. The first is in connection with the setting up of new communities in the constituency of Selkirk. I refer to such V.L.A. settlements as those at Roblin Park and Rivercrest. In some cases these settlements contain a hundred homes or more. One of the qualifications required was that the veterans should have families, and I think the average is about two children per family; but nothing has been done to provide these children with schooling. There is no school for them; there is no schoolteacher, and that is bad business. I cannot speak on this subject as an educator; far from it. I can only look at it from the point of view of a school trustee, since I happened to be chairman of a small school board for thirteen years before coming here. Looking back to the thirties I still feel ashamed when I remember how we would offer a teacher $45 a month to teach forty children in eight grades.

Returning to the subject of school districts, however, we have these settlements established with no provision for the pupils and no teachers to look after them. We have the Central Mortgage and Housing Corporation pushing the construction of new homes in urban districts such as I represent. In the suburban municipalities of St. James and West Kildonan many new homes have been built within the last few years, but the school districts concerned have been given no help to enlarge their schools to accommodate the children coming from crowded city areas. These school districts are in financial difficulties now trying to make ends meet. Some of the old schools are out of date but cannot be replaced because of lack of funds. Some time ago the Winnipeg *Tribune* published photographs showing the dilapidated condition of a school built in my constituency sixty years ago. It was falling apart; it was a regular fire trap. After I saw the photographs in the newspaper I visited the school; and I do not think the gentleman who wrote the article exaggerated in any way.

What is the solution to this problem? The law of the land says every child must have an education; and it must be remembered that today people are demanding better educational facilities for their children than they themselves enjoyed thirty or forty years ago. I know education is a provincial responsibility; we have heard that in this house repeatedly. But the situation is getting beyond the provincial governments. If teachers were paid proper salaries some of the best scholars would be attracted to the teaching profession, but that is not the case. If our school districts are to have sufficient funds to build extra schools or enlarge the present buildings, if every child in every province is to have the opportunity to get an education, then I say it is time we had a dominion-provincial conference on education to see what help the federal government can give the provinces or the school districts to permit them to carry on their work in a satisfactory manner.

The second matter I want to bring up is the discrimination against the prairie provinces under the freight rates as they exist today. For many years western Canada has been forced to pay freight rates from 15 to 18 per cent higher than rates for similar commodities in Ontario and Quebec. Railroad rates affect everyone in the west, whether they be farmers, workers, businessmen or anything else. They enter into the everyday life of the people. Produce is shipped east or west; merchandise comes from east and west, mainly from the east. Why should we have to pay more than our neighbours? For years we have argued that the prairie freight rates should be lower than those in central Canada. We have a flat country, with very few rivers; we have practically no natural obstacles. Hauls are long on the prairies, and most of the produce is moved in carload lots.

I want it to be perfectly clear to hon. members that if the railways need additional revenue to meet increased expenditures caused by higher costs and wages, that is quite all right; but why make the west the scapegoat? If we must have increased freight rates let us all bear a share, and not have the prairies foot the entire bill. Let us find a proper basis for obtaining increased revenues, if they are needed, so the burden will not be borne unequally by the people of Canada, particularly by those in the west and the maritimes, in order that the workers may get the increased wages they deserve and the railways may have the additional revenue they require to operate efficiently.

The progress that has been made by the railroads during the last thirty years never seems to be taken into consideration. I am speaking of this from personal experience, because more than thirty years ago I worked as a machinist in the railroad shops. In those days an engine made one divisional point, going perhaps 120 or 130 miles, and was then serviced. Now a locomotive makes at least three divisional points before being serviced. In those days box cars were built to hold 60,000 pounds. Now they carry 80,000 pounds, some even 100,000 pounds. Freight trains rolled along in those days with fifty cars. Now when you look out on the prairies you see these large engines hauling 100 cars. All this development and improvement must have saved money for the railroad companies.

Let us look at the discrimination that exists on the prairies and see what rates we pay as compared with the central provinces. In the west where there is no water competition, and where truck competition has been kept under supervision by the provincial government boards in order to avoid any real competition with the railroads, the railroads have been able to charge the full amount authorized by the board of transport commissioners. I would mention an example put on the record by the hon. member for Lethbridge (Mr. Blackmore) some time ago when he talked about barbed wire. He showed that on barbed wire shipped from Montreal to Vancouver the freight cost 95 cents per 100 pounds.

Mr. Blackmore: Seventy-five cents.

Mr. Bryce: It is 95 now. For the same 100 pounds of barbed wire, if it were shipped only half the distance, shipped to Calgary, the freight would cost $1.98 per 100 pounds.

Another example was put on the record by the hon. member for Moose Jaw (Mr. Thatcher)

when he talked in the house about paint. On paint from Montreal to Vancouver, the freight is $1.50 per 100 pounds. But if you send it just to Calgary, it is $1.98 per 100 pounds.

The average rates from prairie points on the shipment of butter in carload lots work out to approximately $2.47 per 100 pounds to Montreal. But the average rate from stations in Ontario and Quebec to Montreal is about 60 cents per 100 pounds. It can therefore be seen that there is a tremendous difference, although the mileage is decidedly longer.

Let us look at freight rates on carloads of lumber. You can move a carload of lumber west from Megantic, Quebec, a distance of 600 miles, for 24 cents per 100 pounds. But if you try to ship a similar car of lumber from Golden, British Columbia, for a distance 600 miles east, it will cost you 40½ cents per 100 pounds.

I can go on quoting different rates to show the discrimination that exists, but before I go on I should like to say that the rates on livestock, which mean so much to the province from which I come, are also discriminatory. The rates on livestock are as follows:

Distance	Ontario and Quebec cents	Prairies cents
150 miles	20	22
200 miles	22	24½
300 miles	27	30
500 miles	36	40½

We must remember that the freight cost on the movement of livestock to our central market at Winnipeg is not the only cost to the producer. The price paid to the producer is the price paid at Toronto or Montreal less the freight to those markets. I believe that confederation originally was meant to be an association of provinces equal in every respect. Confederation in fact has given the provinces political equality, but so far I do not believe that it has given us economic equality; and I think that the railway rate structure is a glaring example of that failure.

Discriminatory rates are really bad and it is up to the western members, no matter to what party they belong, to start a fight for the correction of this injustice to the west, as we are carrying far more than our share of the load.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Before you call it six o'clock, Mr. Speaker, may I say that after the hon. member for Selkirk has completed his speech, we intend to move to go into supply this evening.

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

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. Rowe, and the amendment to the amendment of Mr. Thatcher.

Mr. Bryce: Mr. Speaker, may I resume where I left off before the dinner recess. Trucking competition in the central provinces has secured lower rates for many people. As I have already said, the provincial governments have boards which supervise the trucking industry, and in most cases railroad rates have been the yardstick which guided them; but I see that the Canadian Pacific Railway is going to take no chances on any competition developing in the prairies. They are right in the trucking business and will most certainly maintain railroad rates, and at the same time no double establish a monopoly in the trucking business in the west.

I hold in my hand a pamphlet published by the Canadian Automobile Transportation Association from which I should like to quote. It reads:

> Railway buys truck competitors in western Canada. C.P.R. takes over 2,700 miles of routes from independent truckers. Six independent trucking organizations have been purchased by the Canadian Pacific Railway since December, 1947. These purchases have been consummated by the C.P.R.'s wholly-owned subsidiary, the Canadian Pacific Transport Company.

I should also like to quote from the speech of Mr. John Magee, executive secretary of the Canadian Automobile Transportation Company of Toronto, who spoke at Winnipeg on December 3, 1948. For the benefit of hon. members who may wish to look it up may I say his speech will be found in the December 1948 issue of "Highway News". I shall quote part of his remarks:

> You all know that the Canadian Pacific Railway, acting swiftly in a series of purchases which began in September, 1947, has taken over an important segment of the trucking industry in western Canada. The last company acquired was Dench of Canada, one of the biggest long-distance trucking operations in the west with headquarters in Calgary. Following the Dench acquisition (in April, 1948), a breathing spell apparently was necessary to permit digestion of the six highway operations acquired up to this time. There is every indication that once this digestive process has been completed, a new series of trucking purchases will commence.
>
> All of these purchases have been quietly consummated by the least known of the C.P.R.'s wholly owned subsidiaries, Canadian Pacific Transport

Company. They enabled the C.P.R. in the short space of eight months, to snuff out competition on 2,100 miles of trucking routes in western Canada.

With Dench of Canada providing the backbone of the C.P.R.'s highway operations in the west, the railway is now in control of long-distance trucking services commencing at Winnipeg and extending westward, not only through Manitoba but through Saskatchewan, Alberta and British Columbia, as far as Creston on the southern trans-Canada highway. A hundred and fifty miles further along the highway, O.K. Valley Freight Lines—the first highway operation purchased by C.P.R.—commences at Osoyoos and extends westward to Princeton, two hundred and twenty-five miles from Vancouver.

No one should have difficulty in understanding why the trucking industry is so concerned about this problem. At stake is the independence and integrity of an industry competitive with the Canadian railroads. A trucking industry controlled through purchase by the C.P.R., or any other railway, would not be a trucking industry at all—it would merely be a branch line operation of the railroads run on a branch line basis. By buying out motor truck competitors on 2,100 miles of highway, and by its intent to buy out still more of its motor truck competitors, the Canadian Pacific Railway is leading western Canada backward into a new era of transport monopoly.

Further on he says:

Here is how a trucking purchase is consummated, C.P.R. style—and this actually happened here in Manitoba in December of last year. You take one trucking firm with two trucks valued at $3.167 and owning warehouse property valued at $390—a total of $3,557. To that you add payment for goodwill at an additional figure of $11,443, with a total purchase price of $15,000. Can you blame the operator for selling the two trucks?

That has always been the way that mighty corporations have followed in blazing their trail to industrial monopoly—big prices to the firms that will sell today and then tomorrow, companies which have retained their independence, can be forced to sell at 50 or 75 cents on the dollar. We have seen it happen in other industries—we would be living in a fool's paradise if we did not act now to prevent it happening in our industry.

I have always thought that our utilities such as telephones, hydro-power plants and other necessary public services, should be provided at cost and I have always advocated that. But when I see the Canadian Pacific Railway, a so-called private enterprise corporation, starting out to establish a monopoly in the trucking industry in western Canada, than I say: if we are to prevent a monopoly, let us have some of the competition that private enterprise calls for and advocates so strongly.

Another matter in connection with the railways that I want to raise my voice about is the changing of the freight rates on purebred livestock going to the fairs. This is a serious blow to the purebred livestock industry. In the time at my disposal I do not think I can do justice to this important matter, but I should like to quote from an editorial by Mr. James Gray, an ex-member of the press gallery and a westerner from Winnipeg. He is the editor of the *Farm and Ranch Review*, and he has this to say, with which I think the farmers in the west will agree. He heads his article:

The railways kill a goose

And goes on to say:

The effect of the recent boost in special livestock freight rates to the fairs is a shattering blow to the purebred livestock industry of western Canada. It will drastically reduce the livestock exhibits at all the provincial fairs immediately. In the long run it cannot help but create great differences in the quality of livestock from area to area.

To show purebred livestock is in itself a losing proposition. The expense of feeding, grooming and transporting stock costs far more than any breeder can hope to win in prize money. But shipment of livestock to interprovincial shows has worked wonders in a general improvement of breeds all across the prairies. Through the years, a substantial trade in purebred stock was developed. Many a farmer went to the fairs with but one idea in mind, to see and compare the best with what he was producing. On the educational level alone the exhibitions were very much worth while.

All this came about as a result of concessions by the railways in freight rates. An exhibitor who could ship 20,000 pounds of prize cattle in one car paid the standard rate for the first move and then half rate for subsequent moves. But the railways have now cancelled this rate and are demanding full freight all around the fair circuit. Here, in tabular form is how the old rate compared with the new, on a shipment of purebred cattle from a farm at Selkirk around the western fairs.

	1947	1948	1950
Selkirk to Brandon	$44	$54	$58.32
Brandon to Calgary	48	58	123.12
Calgary to Edmonton	24	30	64.80
Edmonton to Saskatoon	32	40	84.24
Saskatoon to Regina	22	28	58.32
Regina to Selkirk	free	free	75.60
Total freight	$170	$210	$464.40

No industry in western Canada has more to gain from livestock raising than the railways. It is imperative that the special rates for show stock be restored or the plain truth is that livestock shows as we have known them are a thing of the past.

In concluding, Mr. Speaker, there is one other matter in connection with railroad rates or freight rates that western farmers are complaining about, and that is the freight rates on their implements which the railways are now asking—that is, that 6th class freight be charged. The highest rate that has ever been charged for machinery was in 1920 when the rate rose to 92·5 cents per 100 pounds. The recent rise in rates makes the rate $1.08 per 100 pounds which is 16 per cent higher; and if the railroads get implements into the 6th class rate, the rate will have advanced 42 per cent above the highest it has ever been.

The freight cost to Winnipeg, my nearest town, was 82½ cents per 100 pounds in 1939. After the 21 per cent increase we paid $1. At the present time, after the 8 per cent increase we are paying $1.08, and if a change is made to the class 6 rate we will be paying

$1.32—and points farther west will pay considerably more. Some may think that this will not make much difference. Let me place some figures on *Hansard* so that there may be no misunderstanding. I have chosen for this comparison four ordinary farm implements used every day. The comparison on these implements of the respective freight rates is as follows:

	1939	After 21%	After 8%	Class 6 rate
3-furrow plow	$ 9.68	$11.73	$12.67	$ 15.48
8-foot one-way disk.	20.42	24.76	26.74	32.68
8-foot binder	15.51	18.80	20.30	24.81
12-foot combine self-propelled	64.00	77.60	83.80	102.43

No government, not even the present Liberal government, can ignore any longer these grievances I have raised. The federal government must assume responsibility for some help to education, either one way or another. If confederation is to have any reality then there must be equality of treatment for all provinces; and one of the best ways to begin is to remove the discrimination which exists in freight rates. It is the responsibility of the Liberal government to make this possible.

Mr. Rodney Adamson (York West): Mr. Speaker, before moving the adjournment of the debate there is one observation I should like to make. Through you, sir, may I pay a humble but sincere tribute to the Speaker of this chamber upon his eloquent address of thanks made on the occasion of the visit of the Prime Minister of India today. Those of us who were in the chamber can as Canadians be proud of the excellent and delicate way in which Mr. Speaker thanked the very famous gentleman from India who spoke to us this afternoon.

On motion of Mr. Adamson the debate was adjourned.

SUPPLY

Hon. Alphonse Fournier (Minister of Public Works) moved that the house go into committee of supply.

Motion agreed to and the house went into committee of supply, Mr. Beaudoin in the chair.

POST OFFICE DEPARTMENT

307. Departmental administration, $1,441,235

Item stands.

DEPARTMENT OF TRANSPORT

Administration of the Transport Act—

454. Board of Transport Commissioners for Canada —administration, maintenance and operation, $610,880.

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, when we were dealing with this item the other evening a number of questions were asked, and I should like to bring down the answers.

First may I deal with the question asked by the hon. member for Winnipeg North Centre concerning the crossing at Talbot avenue. I find that at Talbot avenue in Winnipeg there are two crossings, one over the East Selkirk branch of the Canadian Pacific railway and the other over the Molson cut-off branch. The board's files indicate that protective signals have been installed at both crossings, and since the installation no accidents have occurred. These crossings appear to the board to be adequately protected. However, if the city of Winnipeg is not in agreement with that view they are free to make application to the board. The point I wish to make is that no application is before the board, and therefore the case cannot be considered.

Then, the hon. member for St. John's East asked regarding the standardization of the gauge of the Newfoundland railway. He felt the railway services were not adequately conforming with an article in the terms of the agreement. The officers of the Canadian National Railways have made a complete survey of the railway in Newfoundland, and they think the time has not yet come to standardize the gauge of that road. If conditions change at a later date I can assure the hon. member that the Canadian National will be willing to give the matter careful consideration.

Further in regard to the adequacy of service, I might say that after surveying the position the Canadian National has come to the conclusion that new terminal facilities are required at North Sydney, and already plans and specifications are in the making for the construction of these facilities. I am not in a position to say how long it will take before they are completed but I can assure the hon. member that the Canadian National Railways are giving careful attention to the question of additional traffic that may arise because of union with Newfoundland.

Mr. Higgins: May I ask a question with regard to the adequacy of the service between Port aux Basques and North Sydney? Is it the intention of the Canadian National management to provide a larger boat or to add another boat? The accommodation on that run is most inadequate at the present time, and I speak from actual knowledge. I have seen what is happening on this run, and so has the hon. member for St. John's West. There are times on the run from Port aux Basques to North Sydney when passengers have to lie

on the floor during the night. When the sea is rough, as happens quite often in the gulf of St. Lawrence, it is not very pleasant for people who are seasick to have to lie around on the floor, and it certainly is most unpleasant for those not seasick. Is any provision being made to take care of that?

There is another matter I should like to draw to the attention of the minister about which he may not have any knowledge. For some reason or other a limit is placed on the number of people who may go on the boat for the run from North Sydney to Port aux Basques, but there is no limit on the number who may go on the boat for the run from Port aux Basques to North Sydney.

Mr. Chevrier: I am glad the hon. member has brought these matters to my attention and I shall see that the Canadian National Railways officials are apprised of them. Answering his first question, may I say that I have no indication that the Canadian National Railways are going to place an additional boat on that service.

I should like to deal now with the question asked by the hon. member for Vancouver-Quadra in connection with the sittings of the board of transport commissioners and the royal commission on transportation. Order in council 1487 provided for a general investigation. I am informed by the chairman of the board that after that body was established notices were sent out to the railroads and the provinces and others who might be particularly interested in the investigation. I presume the provinces and railroads were not in a position to make submissions to both the board of transport commissioners and the royal commission and decided to make submissions to the latter. The board of transport commissioners thereupon decided to make a study of the waybill factor with which they are proceeding at the moment.

The board feel that it will not be possible for them to complete their investigation until the report or the recommendations of the royal commission have been handed down. In a moment I shall refer to when that is likely to be. That is why it has been found necessary to delay in regard to public hearings. If after the recommendations of the royal commission are handed down the board feel that public hearings are necessary, they will hold them. It is not possible at this time to say whether such hearings will be necessary.

The chairman of the royal commission informs me that regional hearings have taken place in most of the provinces and that the general argument by the railroads and the provinces will take place in Ottawa early in November. The commission has been proceeding with great dispatch but it is difficult at this time to say how soon the official report will be handed down. I wish I could give more definite indication. The best information I have is that the argument will take the greater part of a month or perhaps two months. Then the commissioners will have to read the evidence and get their recommendations in order.

Mr. Green: That would mean that it could not be before the new year?

Mr. Chevrier: I do not think there is any question of that; it would be quite impossible to have the findings of the royal commission ready before that time.

Mr. Cruickshank: Why?

Mr. Chevrier: I do not know how long it will take the commissioners to read the evidence, but I would think some months. In answer to the hon. member for Fraser Valley I would say that hearings will be resumed early in November and I think they will take the whole of November and perhaps part of December. I think I am quite safe in saying that in view of the voluminous evidence it is impossible to expect the official recommendations before the year is out.

Mr. Green: As I understand the minister's statement, once the royal commission has reported, the board of transport commissioners will carry on with the task set for them by the order in council?

Mr. Chevrier: The board of transport commissioners are carrying on now with their task. The explanation I gave a moment ago was in answer to the question as to why they did not hold public hearings. I think I gave the reason why they did not, but I repeat they are carrying on with the study of the waybill factor. When the report of the royal commission comes down they may then decide to hold public hearings.

Mr. Green: Then it will be some months after the report of the royal commission is handed down before there will be a decision by the board of transport commissioners?

Mr. Chevrier: I would think so.

Mr. Cruickshank: Is British Columbia to be adversely affected with regard to the cost of transportation until this report is brought down?

Mr. Chevrier: British Columbia has been favourably affected by the removal of the mountain differential.

Mr. Cruickshank: We do not quite agree with you.

Mr. Chevrier: That is what you wanted.

Mr. MacInnis: I am wondering if I heard the minister correctly when he was answering the hon. member for Vancouver-Quadra. Will the royal commission on transportation report to the government or to the board of transport commissioners?

Mr. Chevrier: There is no doubt about that; they will report to the government.

Mr. MacInnis: Will the government then study the report or will it be referred to the board of transport commissioners?

Mr. Chevrier: I assume the government will do as it has done in all cases, give consideration to the report and then decide what action to take upon it, if any.

Mr. Stick: The increase in traffic and the congestion on the Newfoundland railroad has been brought about by the reduction in rates, which were practically cut in two. I understand that the Canadian National have had officials down there going into the matter. At present the administration of the Newfoundland railroad is being carried on from Moncton and I submit that better service could be provided if this were done from St. John's.

Mr. Chevrier: The superintendent of the Newfoundland railroad, now part of the Canadian National Railways, is located at St. John's.

Mr. Cruickshank: Has British Columbia gained this last year in the equalization of rates across Canada?

Mr. Chevrier: I am afraid I cannot answer that to the satisfaction of my hon. friend because the investigation with reference to discrimination has not yet been completed. That is still under study by the board of transport commissioners pursuant to order in council 1487.

Mr. Cruickshank: Until that decision has been rendered, will the adverse rates to the province of British Columbia be held in abeyance?

Mr. Chevrier: I am afraid I cannot give further satisfaction to the hon. member. That is a matter for the board of transport commissioners to decide.

Mr. Cruickshank: Who controls them?

Mr. Isnor: The discussion on this particular item has been quite broad in its scope and I trust—

Mr. Chevrier: Mr. Chairman, I do not want to interrupt the hon. member, but I wonder if we might pass this item and proceed to the general item. I think the discussion has been getting away from item 454, the Board of Transport Commissioners for Canada. If it is agreeable to the house we might proceed to deal with general administration, because we are dealing with all sorts of things under item 454, and that is not regular.

Mr. Isnor: Just before you do that—

Mr. Chevrier: Perhaps we can deal with your point on item 453, departmental administration.

Mr. Isnor: Is item 454 the next one?

Mr. Chevrier: We have not dealt with the first item, 453, departmental administration, because at the time of the discussion the committee felt that we should deal with item 454, and I raised no objection. I wonder if we could not get on with the general discussion now. Could we not pass item 454, proceed with item 453, and get on with the general discussion?

Mr. Graydon: I have one point to raise which comes directly under item 454. It will not be a general matter. Perhaps the minister would accept my observations and then we could proceed with the other item.

Mr. Chevrier: I am quite satisfied if we do not get into a general discussion, but in order to have some understanding I wonder if the committee would not allow item 454 to pass so that we may proceed with item 453. Perhaps the hon. member could then bring up his point on the general item and I could deal with it.

Mr. Black (Cumberland): There are some subjects having to do directly with item 454, the board of transport commissioners, which I think should be put before the committee before the item is passed. If I understood the senior member for Halifax, the matter to which he refers has a direct bearing on this item. If not, I have something I should like to bring before the committee.

Mr. Isnor: In reply to the hon. member for Cumberland, my point is fairly broad in its scope, and that is why I am wondering whether the minister will permit me to go on. I am going to deal with existing shipping conditions, and also with one or two other matters.

Mr. Chevrier: I think we should proceed with the general item if we are going to deal with shipping, or we can complete the discussion on item 454. It makes no difference to me.

Mr. Green: Let item 454 stand.

The Deputy Chairman: It is the practice to have a general discussion on the departmental administration item. We have not had that general discussion. We have spent some time on item 454, but there are no questions that any hon. member might ask on

item 454 that could not be dealt with in the discussion on item 453. If the house is prepared to pass item 454 then we will be ready to go on with item 453 and have a general discussion. We could follow another course. We could let item 454 stand and go back to item 453, or perhaps the best course would be to finish the discussion on item 454 if there are only one or two questions to be asked. Perhaps the hon. member for Cumberland would like to ask his question now. Then we may be ready to pass item 454, revert to item 453, and have a general discussion.

Mr. Black (Cumberland): I have a matter to put before the committee which comes directly under item 454, the Board of Transport Commissioners for Canada. I refer to discrimination against shippers in the maritime provinces. The matter referred to has to do with the shipping of lumber over Canadian railways to United States points. Canadian producers of lumber in the maritime provinces, in view of the serious condition of the overseas lumber markets, and the exchange situation with Great Britain, have to look to the extension of their markets in the United States before deciding how much in the way of lumber operations they can carry on in the current 1949-50 season. I should like to quote from a letter I received a few days ago from a lumber operator in the maritimes, reading in part as follows:

> A few days ago I discovered that Canadian railroads moving goods for U.S.A. delivery are permitted to use the U.S.A. freight rates from origin to delivery point; hence all U.S.A. exports carry U.S.A. rates. For instance, if I ship a carload to Windsor, Ontario, the rate is 41 cents but if I ship a car to Detroit the through rate is 70 cents. That means that the C.N.R. gets the 70-cent rate for merely delivering the car across the river on its own lines. On top of that will be the 8 per cent plus the 6 per cent for exchange differential. It is little wonder we in the maritimes are out on a limb, for having no local consuming market all goods must be sent long distances, and our goods are heavy. Since most of our goods go to New England or quite close to the border points we get all the shock.

Lumber producers and other shippers in the maritime provinces have a most serious grievance. I think it is sufficiently serious for the minister to see that it is put directly before the management of the railways, and before the Board of Transport Commissioners for Canada. In this instance the Canadian National Railways are exacting from the producers in these difficult times almost double the rate, and all they do is to take it across the river from Windsor to Detroit.

I should like the minister to give special consideration to this matter. It applies not only to shippers of lumber but also to shippers of potatoes and other commodities from the maritime provinces. As is pointed out in the letter, lumber products are heavy and they carry a heavy freight charge in relation to the value received. There would appear to be direct discrimination against lumber producers. The railway is exacting almost double the charge for moving the product from the Canadian point to nearby United States points.

[The Deputy Chairman.]

Mr. Chevrier: I agree with the hon. member that at first blush there does appear to be discrimination, but I am informed that the reason for it is that the movement from the maritimes to Windsor carries a local through Canadian rate whereas the movement from the maritimes to Detroit is based on the international rates, and international rates are approved by the interstate commerce commission. As the hon. member knows, rates in the United States are 60 to 70 per cent higher than they are in Canada. I presume that is the reason for the apparent discrimination, but in view of what the hon. member has said I shall ask the officers of the board of transport commissioners to see if there is not any way to rectify the inequality.

Mr. Black (Cumberland): Do I understand the minister to say that the Canadian National Railways get the benefit of the increased charges exacted by the United States freight rate schedule rather than the shipper of Canadian goods? As I said a few moments ago, they are endeavouring to carry on their operations under trying conditions due to the difficulty of shipping lumber to their usual British market.

Mr. Chevrier: The Grand Trunk Western railway gets the benefit of the increase.

Mr. Black (Cumberland): Then do I understand that the Canadian National does not get any portion of the increase from 41 cents to 70 cents, in this movement from maritime province points to Detroit as opposed to Windsor?

Mr. Chevrier: It does, through its American line, the Grand Trunk Western.

Mr. Graydon: I have an unusually pleasant observation to make with respect to the minister and the board of transport commissioners, arising out of a subject with which I dealt in a previous debate. In parts of Peel and the adjoining counties along the lake shore between Toronto and Hamilton there is, as the minister knows, a commutation rate structure covering points from Oakville to the union station in Toronto. That has been in operation for quite a number of years. It may surprise the minister to learn that some 700 commuters from Oakville and intermediate points go to Toronto every morning and back again every evening, so this is

quite a substantial traffic from a passenger point of view. Recently, as the minister knows, the railways have substantially increased the commutation rates in that area, as well as the rates in other such areas throughout Canada. I should like to mention just a few of the old and new rates, to show the general ratio of increase which has been made applicable right across the board. The rates on twenty-ride tickets have been raised in these cases, for example:

	Old Rate	New Rate
Clarkson to Toronto	$5.50	$8.50
Lorne Park to Toronto	5.15	7.50
Port Credit to Toronto	4.50	6.50
Lakeview to Toronto	3.80	6.00
Dixie Road to Toronto	3.45	5.50

The minister will see that these increases are substantial, not only in dollars and cents but in percentage as well. A strong and efficient association has been formed by the commuters, known as the lake shore railroad commuters' association, whose energetic president is Captain Earl Hand, K.C., who is also a constituent of mine. Captain Hand, together with some five hundred others who belong to that association, has been very active and has made representations not only with respect to the increase in rates, which they think are out of line with what might be normally expected, but also with respect to the service the railway is giving, about which they complain bitterly. As one instance they point to the old, wooden, gas-lit coaches used on these trains, on which they say the light is so bad it is hardly possible to read a newspaper. They also tell me that the emergency lighting equipment on some coaches consists of coal-oil lamps. There is no air conditioning, and you can imagine the temperature of these cars last summer after they had been standing in the sun all day, with the passengers boarding them at 5.20 p.m. on their way home. In their own language they indicate that it was practically the same as taking a Turkish bath. From the point of view of safety they point out that in the event of an accident involving these match-box cars in which some 700 passengers are carried a terrible tragedy could result.

I mention this in order to suggest to the minister that the board of transport commissioners deserve a pat on the back for the action they took after representations were made earlier this month. On October 13 the board ordered that the tariffs which were about to be put into effect should be suspended until further notice from the board. I am not going into the whole matter this evening, because, if there is such a principle as *sub judice* with respect to the board of transport commissioners, I might offend that rule if I were to deal with the matter in any detail during this general discussion. Nevertheless I want to pay tribute to the board for having issued that order and having suspended those increases. I hope they will make a thorough and comprehensive investigation and inquiry, and require the railway to show cause why under present conditions these rates should be increased at all; or, if they must be increased, why those increases should be as drastic as I have indicated.

As I said in the beginning, it is not often I have the opportunity to put in a good word for the board, although I realize that sometimes their task is not pleasant, that sometimes it is subject to criticism which no doubt they at least feel may be unreasonable. This time I want to commend them for their prompt action, and I shall give them even greater commendation later on if they are able to keep these rates where they are at the present time.

Mr. Knight: I suggest that if we go back to item 453 that will open up a general discussion, and those of us who have questions concerning the board of transport commissioners may have to wait a long time to have them answered, so if I may I should like to get one short question in now. It has to do with the control of pipe lines. I understand the board of transport commissioners is the body which will administer the regulations under which pipe-line companies will operate. I am ignorant on the subject, but I should like some comment by the minister upon it. I am aware that the company will be running its pipe lines to its own refineries, but I also understand that there are other refineries on the route of this particular line; and I am wondering whether these other refineries will be able to make use of that pipe line as a common carrier when it is not being used by the company owning it. I would point out that the supplying of oil in the prairie provinces is a seasonal business; and I am hoping that, if this pipe line is to be a public carrier to any extent, the seasonal aspect of the business will be taken into consideration, so that the company will not be allowed to use the pipe line when it is most economical to do so, leaving it for the use of the other refineries when the reverse is the case.

There are dozens of questions in regard to regulation which come to my mind, but I know so little about the matter that I would welcome a general statement, as I imagine other hon. members would, as to the probable set-up, or what may be in the mind of the minister in regard to the control of pipe-line companies as common carriers.

Mr. Chevrier: In connection with the control of pipe lines by the board, I am afraid

I cannot add much more to what I said in a previous session when the pipe-line bill was up for discussion. I think the house dealt pretty fully with the circumstances surrounding the applications which had to be made. The board of transport commissioners is the regulatory body as far as the various pipe-line companies are concerned. My hon. friend did not mention the pipe line that he was interested in. I believe the application of the Interprovincial Pipe Line Company has been approved and I think one other, but I am not quite sure of that.

Mr. Knight: I was thinking of the pipe line which would run down from Regina to Superior, Wisconsin.

Mr. Chevrier: That is the Interprovincial Pipe Line Company. Once the board has approved of the application and given a licence, I presume the company is authorized to build the line from the points mentioned in the application.

Mr. Green: What concerns me about the whole picture is who is responsible for deciding whether or not a pipe line shall go into the United States rather than be laid in Canada. I think that is one of the key questions that should be answered. As I understand the situation, it is not at all clear at the moment who is responsible for such a decision being made; and I think that the oil companies are the people who are making the decision. For example, with regard to the pipe line which is going to Superior, Wisconsin, in the United States, it would appear that that decision is made by the Imperial Oil Company, which means by the Standard Oil of New Jersey.

We have a similar situation coming up on the west coast, because apparently there is a plan to put in a natural gas line, from southern Alberta, which is to go right into the United States at the first convenient place. I should like to know whose responsibility it is to decide whether or not that is to be permitted. Does the board of transport commissioners have the power to say that this line may go into the United States and that line may not? Or does the government exercise that authority? Or just where does the authority lie? I think we must make absolutely certain that there is not any confusion as to who is going to be responsible for these lines going into the United States.

As I read the act, the board of transport commissioners have merely regulatory power. They are in a position to decide whether it is in the interests of Canada that such and such a pipe line should go into the United States. Personally, I think that responsibility must rest on the government; but I do not believe the government is accepting that responsibility at the present time. Will the minister explain just how that situation is handled?

Mr. Chevrier: The hon. gentleman asks what jurisdiction the board has over these applications. I must say to him that their jurisdiction must be and is limited to Canadian territory. The application made by the Interprovincial Pipe Line Company was for a line running from Regina to Gretna, Manitoba, and that application was in due course granted. The board have no jurisdiction to grant applications to go into United States territory.

I do not know what happened, but I presume the Interprovincial Pipe Line Company made application to the interstate commerce commission, or whatever counterpart to the board of transport commissioners exists in the United States, and that the licence to build the pipe line in United States territory was granted. But the board have no jurisdiction in United States territory.

Mr. Green: Yes, but of course the effect is this. The board of transport commissioners did give permission for a pipe line to be built to the United States boundary. Then once that permission is granted, apparently the Canadian authorities just wash their hands of any further responsibility. But the fact is, nevertheless, that the oil or the gas goes to the United States. Somebody in Canada must decide, as a matter of policy, whether this oil and gas should be piped to the United States rather than be used in Canada to build up industries here and to give employment. I should like to know whether there is anybody, from the Prime Minister down, who is at the moment exercising any control over that question as to whether or not this Canadian oil and gas is to be piped to the United States rather than used in Canada.

Mr. Chevrier: I am afraid I cannot satisfy my hon. friend. All I can tell him is what the board of transport commissioners does and what this department does in connection with an application such as that. I know that, under the Electricity and Fluid Exportation Act, the Department of Trade and Commerce has the right to license the movement of electricity or the fluid, or the gas or the oil. As my hon. friend knows, in the debate which took place some days ago in this house the Minister of Trade and Commerce indicated that he had granted a licence for this particular movement.

Mr. Knight: I had hoped that the minister would give a statement which would cover what I wanted to know. Let me be more specific. Let me state definitely the fear that

is in my mind. We are to have a pipe line which is to convey oil from Edmonton down as far as the city of Regina. I am content to stop there. At the city of Regina there is a co-operative refinery which I expect will want to use oil transported by that pipe line. Unless we have regulation from somebody, I fear that that line may not turn out to be a public carrier at all, and that the co-operative refinery, in which most of us in the province of Saskatchewan are interested, will not be able to get oil from it.

Then I have a fear that, even if it is declared to be a public carrier, it may be operated in such a way as to be a disadvantage to a company other than that which owns the line. My experience of companies is that, if the same company that owns the line owns the refinery, it is only natural that the company which owns the line would perhaps get the better use of it.

The point I wanted to get at is this. Can we have the assurance that the board of transport commissioners, if that is the body which is to control these things, will look after things like that? Or will the whole thing be in the hands of Imperial Oil or Standard Oil or whatever it is?—and they are all the same. In that event the people of this country will not know anything about it until it is a *fait accompli*, and it will be just another instance of our natural resources going haywire so far as the public of this country is concerned. That is the fear that is in my mind, and I think that I have been specific about it now.

Mr. Chevrier: I think I can satisfy the hon. gentleman with regard to his fears. The Pipe Lines Act which was introduced here last year made it mandatory that pipe lines carrying oil shall be common carriers. That is in the act. Not so as to gas companies. If there is any fear that there is discrimination in the public carriage of oil, I think that any party aggrieved can appeal to the board at any time in accordance with the ordinary practice under the Railway Act, because certain provisions of the Railway Act apply in this case.

Mr. Cruickshank: Is the government not prepared to state that gas and oil will be piped across Canada for the benefit of Canadians before being transshipped to the United States? The reason I am asking that question, Mr. Chairman, through you, is that it is an important issue. I have no brief for any particular company, although I sponsored a bill for a company last year. I am interested in British Columbia and particularly in my own riding. I want to see the interior of British Columbia developed. In the Peace river country we have great natural oil resources, perhaps more than in any other part of Canada. I hold no brief for any individual company. If the line is an all-Canadian route I do not care what company sponsors it. If the surplus is to be exported to the United States I am in entire agreement with it, and I defy any member of any party in British Columbia to dispute that. We want to develop our great Peace river country, northern British Columbia and northern Alberta. We want an all-Canadian route. I say that this government and this parliament have no right to grant a charter to any company to go down through the United States and then back into Canada with the tail end on the Pacific coast. I ask the members from British Columbia and Alberta to remember that when they vote. We want to develop our natural resources within Canada. I do not agree with any minister, parliamentary assistant or private member from any riding in western Canada who does not vote for that. We want to exploit our own resources. We want to build up the Peace river, northern Alberta and the rest of the provinces. I am speaking for western Canada now.

I do not agree with any company taking our natural gas and oil down to the United States and bringing it back into Canada at a time when we are crying for United States dollars.

Mr. Thatcher: It is silly.

Mr. Cruickshank: Of course it is silly. I am going to watch how the members from all parties in British Columbia vote on this question when it comes up. I am not going to go into details now. I have all the data here. Last year I sponsored a bill for a certain company which guaranteed to transmit oil and gas over an all-Canadian route, not all down through the states to Seattle and Portland and then bring the surplus into Vancouver. It goes through the centre of my riding and through the centre of the riding represented by the hon. member for Kamloops. It goes down through Yale. I am a good supporter of the government but hon. members do not expect me to stand and vote for this proposed measure because the government has not the courage to say that the natural resources of Canada should be developed for Canada and not for the United States.

Mr. Gillis: The hon. member is twenty years too late.

Mr. Green: With regard to the proposed gas line to the Pacific coast, just what jurisdiction will the board of transport commissioners have over it? As I understand it, a

bill has been passed in the Senate incorporating a company, and is to come up for consideration in this house presumably tomorrow.

Mr. Cruickshank: It will not get very far.

Mr. Green: If that bill should get through this house, the next step is for that company to apply to the board of transport commissioners for permission to build a line. In that hearing can the board of transport commissioners take into consideration whether or not the gas should be used in Canada? Are they the body which has the power to decide whether it is in the interest of Canada that a pipe line must go through Canada, or do they merely rule on the application as going through so much land? In other words, do they have merely a regulatory power rather than the power to make a decision as to whether or not this product should be used in Canada?

Mr. Chevrier: My hon. friend is right. After the bill passes this house the procedure will be as follows: An application will be made by that company to the board of transport commissioners, and the board will or will not grant the application, depending upon the circumstances. As I said a moment ago, they can deal with the movement from the source to the international boundary line, but they cannot consider a movement beyond that. I think they would take into account the availability of oil or, in this case, gas. I think, too, they should have some regard for the wishes or the policy of the province from which the gas or oil comes. For instance, I believe that the attitude of the government of Alberta, if it cares to make known its views to the board, will be given consideration. I do not see any difference between an application such as this and any other application to the board in so far as representations are concerned.

Mr. Green: That would mean that the board cannot decide whether the gas should be used in Canada or in the United States. Personally I do not think it is their job to decide that. It is the duty of the government to decide as a matter of policy whether these Canadian products should be exported at a time when we still need them in Canada. Certainly that question has not been dealt with by any responsible authority. I suggest to the minister that it must be handled by the government. The government must decide whether or not, as a matter of policy, this Canadian product is to go into the United States rather than be used in Canada.

Mr. Chevrier: On the question of policy, the position is exactly the same as it is with reference to the export of fluid and electricity. The Minister of Trade and Commerce decides whether or not he will grant a licence and what conditions he applies to that licence. That took place with reference to the application of the Interprovincial Pipe Line Company. What will happen in connection with the application of the gas line that my hon. friend has in mind I do not know. It would be premature on my part to attempt to discuss it at this stage.

Mr. Green: Once these companies have spent millions of dollars to put in the line it is most unlikely that any governmental authority will refuse to give them a licence to export. The damage is done. Once they start spending their money it is too late to make a change.

Mr. Cruickshank: May I ask the minister one question? Perhaps he will not answer it. He may say that it is a matter of government policy. But I shall ask it. I do not want to go into details because I intend to speak two or three hours on this subject at the appropriate time. Is it the policy of the government to encourage an all-Canadian route for gas and oil and eventually export the surplus to the United States? That is a fair question, and the minister should answer it.

Mr. Chevrier: The Minister of Trade and Commerce dealt with that specifically the other evening. In so far as government policy is concerned, my hon. friend has provided the answer himself. That is announced from time to time in individual cases, and on its merits, and I am not going to renew the debate that we had the other evening.

Mr. Diefenbaker: In individual cases?

Mr. Knight: May I ask the minister how hon. members can be expected to vote intelligently on the granting of these applications unless they know to what extent the board of transport commissioners is to regulate these companies and what some of these regulations may mean? The minister says that if things do not run satisfactorily after the pipe line has been in operation, if injustices develop, we can go to the courts for redress.

Mr. Chevrier: What case is my hon. friend talking about? He says we cannot expect to vote intelligently, and I am wondering what case he is referring to.

Mr. Knight: No case in particular. I am talking about applications in general for permission to build pipe lines through this country, when applications are granted by parliament. How can members of the House of Commons be expected to vote intelligently

on such applications unless they know whether or not there is to be a regulatory board in the matter? I do not know beforehand what those regulations are likely to be. The minister has suggested that if things do not go properly we can go to the board of transport commissioners and place the matter before them. But I submit that is too late, and that we should have the information now. It may be unreasonable, but that is the way I see it.

Mr. Chevrier: The hon. member seems concerned about his lack of information on a particular application. If he has in mind the bill which is now in another place, and will come here some time later this week, then I submit to him that that is a private bill. When it comes here it is discussed in the house and sent to a committee. He can go before that committee and get all the information he wants in connection with the bill.

Once the bill had passed the house, an application would go before the board. I do not know what the regulations are. Unquestionably there are some, and I shall be glad to get them for the hon. member. All I can say is that general principles are applied by the board in connection with these applications. In so far as the regulations are concerned, I believe I can get them and table them.

Mr. MacInnis: If I understand the discussion correctly, we are considering two matters, first a pipe line which has already been authorized, so far as the building of it is concerned. It is now being built from one place to another. The second matter is that we are considering a pipe line for another purpose which has not yet been authorized by the house. I think that is putting the matter fairly.

If we take the first pipe line first, it would appear that the government has no policy as to what should be done with Canadian oil. The oil is owned by Imperial Oil Company which, I understand, is a subsidiary of Standard Oil of New Jersey. It is decided to build this pipe line to Superior, Wisconsin—and not to lake Superior in Canada. So far as the government is concerned, they say that that is all right with them. If we take the government's policy on that pipe line we can be pretty sure what its policy will be on the other pipe line. It will be, whatever the company that has the line or is building it, whatever it wishes to do with the gas it owns. If it wishes to pipe it to Timbuctoo, that is all right so far as this government is concerned. The companies have bought the oil, they have bought the gas and that is all there is to it. I do not see why there is so much fault-finding, because that is the policy on which this government went to the country; that is free enterprise. Those who own can do what they like with what they own.

The hon. member for Fraser Valley has said that he wanted Canadian resources to be exploited in Canada. Canadian resources are being exploited in Canada, and exploited from Canada. But Canadian resources are not being developed in Canada, and that is what the hon. member for Fraser Valley would like. There is quite a difference between exploiting and developing.

Mr. Cruickshank: I meant that.

Mr. MacInnis: But why should you worry? You are getting what you voted for. I am quite sure that the minister cannot tell you what the policy is, what the policy in connection with the gas pipe line will be, because he does not know what the company's policy is, and the company has not told him that yet.

Mr. Chevrier: On a point of order, I do not think the hon. member has any right to impute any motives to any person. By that last statement he imputes a motive to me, as minister, in that he says I have not been told by the company what is the company's policy. He has not the slightest right to say that. I know the hon. member is a gentleman and that he will not want to impute those motives to me. I am sure he did not intend to say that, but certainly that is what he said.

Mr. MacInnis: If the minister feels I did him an injustice, then I am quite willing to withdraw—and to withdraw completely. But if the minister will note what I said he will see that I did not refer to the minister, except that the government did not have a policy and the minister could not tell the committee what the policy is. That is what I said. But if the minister feels there is any reflection upon him either as a person or as a minister, then I will withdraw it completely.

Mr. Black (Cumberland): I think we should have a declaration from the minister.

Mr. Stuart (Charlotte): Mr. Chairman, I wish to speak briefly. The hon. member for Fraser Valley has insinuated that we should be very careful how we vote.

Mr. Cruickshank: Louder. You are talking about me.

Mr. Stuart (Charlotte): It appears that a good many members in this house are forgetful. I wonder where they think we would be today if it were not for oil we have been getting for years and years from the United States. It is no longer ago than the wartime

period of 1940-45 when, had it not been for assistance received by way of oil from our good neighbour to the south of us, this country would have been dry, so far as oil is concerned.

An hon. Member: They looked after themselves first.

Mr. Stuart (Charlotte): I live on the international border line. Down there I know that the oil allocated to Canadians along that border was more liberal in supply than to the citizens of the state of Maine. The pipe line going through the United States is the economical procedure to take. Why try to pipe oil from Alberta to Ontario and Quebec or the maritime provinces when it can go across the border at some point within a reasonable distance, and the oil we require in this section could come back across the border from the United States? I fail to understand why there is all this great worry about Canadian oil going to our friends to the south of us, when they have supplied 90 per cent of the oil brought to this country for years and years.

I have a friendly feeling toward the people down there, because they have done much to help us. Were it not for our neighbour to the south of us, we could not dispose of anything from the section of Canada in which I live. No one in central Canada wishes to buy the commodities or natural products of the maritimes. We are obliged to go to these people to sell what we have to offer. They have been very kind and considerate. If at this moment we are in the fortunate position where we could let some of our oil go south, it would only in some small way repay for some of the good things those people have done for us.

Mr. Cruickshank: My name has been brought into this discussion. I happen to have had the privilege, which my hon. friend did not have, of being born in the United States. Let me tell my hon. friend however that we do not owe the United States any more than they owe us.

The argument advanced by the hon. member is not as good as the delicious lobsters served in his district. They are good, but his argument is ridiculous. We have been the best customer of the United States. I well remember a brilliant young friend of mine in British Columbia, whose name I shall not mention, stating that our fish should be canned here, and our logs processed—and I know my hon. friend from the maritime provinces is particularly interested in fish and would like to have them canned in the maritimes. Why should not our oil be used within the province? I do not care which company is concerned, I submit that that should be done. Last year I sponsored a bill for a certain company, but I repeat that I do not care which company is concerned. This pipe line should go through Canada and serve the best part of Alberta and northern and central British Columbia and then the remainder of the oil could be sent to the United States. Is there anything unreasonable about that?

An hon. Member: Which is the best part of Alberta?

Mr. Cruickshank: I do not know, but I know which is the best part of British Columbia. The hon. member from a small district in the maritimes which is close to the United States border where the poor mounted police are working day and night to see that cigarettes and other things are not smuggled should not be talking to me about the development of Canada. All I am asking is that these pipe lines should go through Canada, no matter what company it is, so that this country may be developed. I know the premier of British Columbia has told us that there are immense resources in northern British Columbia still undeveloped.

Mr. Stuart (Charlotte): The hon. member says that this pipe line should go through Canada, but what if the people in the United States had used that same argument about the pipe line coming up to Montreal? What if during the war the United States people had said that they wanted that pipe line to go through United States territory instead of going through to serve Montreal?

The Deputy Chairman: I would remind the committee that we are dealing with item 454, board of transport commissioners for Canada, administration, maintenance and operation. Because of the relationship of pipe lines to the board of transport commissioners some hon. members have taken the opportunity to ask the minister some questions. However, I am afraid that hon. members are now anticipating a bill that is to come before the house. I would ask hon. members to co-operate with the Chair and confine their discussion to the item now before the committee.

Mr. Cruickshank: I shall be glad to bow to your ruling but Imperial Oil will hear from me in the future.

Mr. Gillis: I agree with what you have just said. I think the time for this discussion was during the last session when seven or eight bills to incorporate these different companies were up for consideration. That is when these arguments should have been advanced. I remember standing in my place to protest against those bills and using practically all the arguments that are being used

tonight. When the bill to incorporate Alberta Natural Gas Company is up for consideration the arguments that are now being advanced can be used to hold up the bill.

For the last eleven years we have been bringing up this business of piping gas and oil to the United States. The arguments tonight are about twenty years late. The same thing can be said about our iron ore rights. We have remote control over our oil by Standard Oil through its subsidiary, Imperial Oil Limited. All those rights have been voted away. I agree with the hon. member for Fraser Valley that the pipe line should be a Canadian pipe line, with feeder lines to the United States if necessary.

The Deputy Chairman: The hon. member has been kind enough to agree with me, but the remarks he has been making are out of order. However, I think I should be just as generous with him as I have been with the other hon. members.

Mr. Gillis: I did not think I would be remiss if I was out of order for a few minutes, when we have been out of order all night. As I listened to the arguments tonight I could not help but remember the discussion of last session. When the bill to incorporate Alberta Natural Gas Company is before the house my radical friend from Fraser Valley can back me up in demanding that Canadian resources be developed in Canada.

Mr. Black (Cumberland): I want to comply with your ruling, but as we are dealing with an item having to do with the board of transport commissioners I should like to ask the minister what authority that board has to determine whether the natural resources of this country, such as oil or gas, shall be transported by pipe line to the United States? Does this board provide adequate safeguards that these great natural resources are first made available to the people of western, central and eastern Canada?

Mr. Chevrier: I think I have answered that on at least two occasions, but in order to make the record clear perhaps I should read subsection 3 of section 12 of the Pipe Lines Act, as follows:

(3) Upon the application, the board shall have regard to all considerations that appear to it to be relevant and in particular to the objection of any party interested, a public interest that in the board's opinion may be affected by the granting or the refusing of the application, and to the financial responsibility of the applicant.

I think that is the governing section in connection with these applications. Relative to these applications which so far have been dealt with, the board has had regard to a number of matters. First, it has had regard to the capacity of the proposed line, to how much oil or gas it will be able to carry. Next it has given consideration to the availability for transmission of a sufficient quantity of oil and particularly as to whether or not the construction of the pipe line will extend the market for the oil to be transmitted. I presume that latter item resulted in the discussion that took place here the other evening as well as some of the discussion that is taking place here this evening. It considers whether there is a market in the immediate locality where the oil is likely to be conveyed.

Next is considered the length and the estimated cost of the pipe line and the ability of the applicant to obtain sufficient funds to construct the pipe line. Consideration is given also to the attitude of the government of Alberta to the export of oil from that province by the proposed pipe line. Here I should like to state that under the Oil and Gas Resources Conservation Act of Alberta, as amended in 1949, the petroleum and natural gas conservation board may exercise wide powers, subject to the approval of the lieutenant governor in council, in respect to restricting, prorating or prohibiting the production of oil and gas. Under the Gas Resources Preservation Act, being chapter 2 of the statutes of Alberta, 1949, permission from the board is required before gas can be removed from Alberta for use elsewhere. I think in so far as gas is concerned the picture is quite clear.

Mr. Diefenbaker: Is there anything about gasoline and oil?

Mr. Chevrier: I was referring to the part dealing with gas and oil. I understand that there is objection to gas, but not to oil. Then the board may consider petitions by interested parties and finally it may limit the time during which the pipe line may be constructed. Those are the various considerations that the board takes under advisement with reference to subsection 3 of section 12 of the act.

Mr. Cruickshank: I want to ask a question. The minister has quoted certain sections of the act. I was told before that we were somewhat out or order, but the minister has quoted certain sections of the act. Will we have the privilege of putting in the sections which the minister omitted?

Mr. Chevrier: I was quoting from subsection 3 of section 12 of the Pipe Lines Act. The Pipe Lines Act was passed by this parliament. The hon. member can get it at any time.

Mr. Cruickshank: The minister has quoted certain sections. I should like the privilege of putting them all in at some time.

Mr. Chevrier: My hon. friend knows he can put in any section he wants at any time.

Mr. Blackmore: There are several things I should like to tell the minister about the board of transport commissioners.

Mr. Cruickshank: He has a lot to learn about this.

Mr. Blackmore: I want to do so in order that he will be on guard when he comes to consider the new adjustment in respect of freight rates. I think hon. members of the house would be astounded to learn some of the things that have been done under the guise of a freight rate structure in some of the provinces of Canada. I shall give a few items affecting my own province. Other hon. members will probably be able to present a similar array as to their own provinces. The examples which I am using are all used in a submission made by the Edmonton chamber of commerce in the year 1938 to the Rowell-Sirois commission. I say that so that hon. members will know that everything I am giving them is authentic, and was prepared by experts employed by the Edmonton chamber of commerce. I think there will be no question that these freight rates existed in 1938. If there have been substantial changes since that time the minister will be able to point them out. Let us bear in mind that since that time there have been two distinct advances in freight rates allowed all across the board with no allowance whatsoever being made for irregularities or inequalities suffered by any area or any province.

In the first place the ordinary consumers of Alberta are penalized for living in Alberta. To move flannelette blankets from eastern Canada to Vancouver costs $1.75 per hundredweight, but when they go to Edmonton the freight rate is $4.53½. Kalsomine costs $1 per hundredweight to move it to Vancouver from Montreal or eastern Canada and $1.33½ to move it to Edmonton, 500 miles nearer the point of origin. Lard and cooking oils cost $1 to Vancouver and $1.98 to Edmonton. Paints and varnishes are $1.25 to Vancouver and $1.98 to Edmonton. Shoes are $2 to Vancouver and $3.03 to Edmonton. Soaps are $1 to Vancouver and $1.98 to Edmonton. Wrought iron pipe is 70 cents to Vancouver and $1.98 to Edmonton. The above figures are all per hundredweight.

If it were only an isolated case of that sort one would imagine that it had just happened, but a list of such irregularities as the one I have in my hands makes it appear as though the whole thing was by design. The reduction for class rates is on a higher percentage in eastern Canada than on movements from eastern Canada to Alberta. That is the definite statement made by the Edmonton chamber of commerce at page 28 of their submission.

The primary producers of Alberta are handicapped by freight rates. To move barbed wire, of which we use a good deal, from Montreal to Vancouver costs 75 cents a hundredweight, but to Edmonton it costs $1.98 a hundredweight. Wire fencing costs $1.25 to Vancouver and $1.98 to Edmonton. Building paper and roofing costs $1.25 to Vancouver and $1.98 to Edmonton. Iron and steel bars cost 65 cents to Vancouver and $1.79 to Edmonton. Nails cost $1.50 to Vancouver and $1.98 to Edmonton. Structural steel, bolts and nuts cost $1 to Vancouver and $1.98 to Edmonton. Many other hardware items are treated similarly. Twine costs $1.30 to Vancouver and $2.33½ to Edmonton. Window glass costs $1 to Vancouver and $1.98 to Edmonton.

Alberta uses a great many agricultural implements, and British Columbia considerably fewer, but in one classification it costs $1.25 to move them to Vancouver, and $1.79 to Edmonton. According to another classification it is $1.50 to Vancouver and $1.98 to Edmonton. Galvanized or plain steel sheets cost 60 cents to Vancouver and $1.44 to Edmonton.

I submit to you, Mr. Chairman, and to hon. members of the committee, that that array of inequities constitutes an absolutely scandalous reflection on the board of transport commissioners. I doubt that they can be defended on any grounds of equity or logic.

Mr. Chevrier: If I may interrupt the hon. member on a point of order, I presume he has quite a lengthy speech on this matter, and I do not want to interrupt him unduly, but I think that first of all it should be brought to the attention of the chair that at the moment there is before the board of transport commissioners an application for a 20 per cent increase, an interim judgment having been handed down, and an appeal therefrom to the Supreme Court of Canada. Since the matter is *pendente lite* I submit that it should not be discussed at this time. The hon. member is discussing the very matters that came up in that case. If the Chairman feels that he should be allowed to proceed I will listen, but I think we are proceeding right in the teeth of the rules.

The Deputy Chairman: I think the point raised by the minister is well taken. Now that the reasons have been stated by the minister I presume the hon. member who has the floor will refrain from discussing that particular point.

Mr. Blackmore: I will not proceed with the discussion, but I think hon. members will be a bit surprised to find that this discussion has been permitted for an hour and a half, and just as soon as a really adequate arrangement of the whole argument is presented the subject is *sub judice*. If there is any one thing that needs to be placed on *Hansard* so that the people of Canada and the members of the house can see the kind of thing that has been done by the board of transport commissioners, in support of whom we are passing an estimate, this is the very thing that everybody ought to know.

Mr. Chevrier: May I tell the hon. member that the provinces and boards of trade, and I presume the board of trade he is referring to now, had every opportunity and took advantage of it in presenting to the board of transport commissioners their arguments on the 21 per cent case, again on the 20 per cent case, and still further to the royal commission on transportation. What more could the hon. member wish by way of public hearings?

Mr. Blackmore: The trouble does not arise because of the fact that these arguments have not been presented effectively. The astounding thing to the house and to the country is that the board of transport commissioners has paid no attention whatsoever to the presentations that have been made, and have gone right ahead just as though they had not been made at all. Take the presentation of any of the seven provinces of this dominion which protested against the recent advance of 8 per cent. We shall find a case that is simply astonishing, yet no attention is paid to it at all. We had a similar presentation by each province against the increase of 1946, and again no attention was paid to it. The increase was allowed, and no adjustments were permitted to make up for the inequities which abound in the freight rate structure of this country.

I realize, Mr. Chairman, that as soon as the *sub judice* principle is applied I am out of order. I am just a little astonished, however, that it has been applied to stop me while it was not applied to stop others, but I thank you for having permitted me to go as far as you did. Hon. members will be glad to know that I could produce five times as much as I have placed on *Hansard* tonight, and that I would be quite prepared to produce it had I not been called to order.

Item agreed to.

453. Departmental administration, $836,737.

Mr. Isnor: Under this item I desire to bring before the minister and the committee the question of the policy being pursued by the government with respect to shipping. I am not sure that the government has a definite shipping policy, but I am going to ask the minister that question and perhaps later on he will be good enough to advise us as to what policy is being pursued in respect of Canadian shipping. I refer him to the situation we have at the present time on the Atlantic coast. I am sure he is familiar with a great many of the facts, but I doubt if a person can realize the effects of that situation unless he is actually at or near one of our Atlantic ports.

I recall the position in which we found ourselves with respect to shipping in the early days of the war, and I am further reminded of that by the report of the Canadian maritime commission, which in its first report had this to say:

> In 1939 the Canadian fleet of regular ocean-going ships over 1,600 gross tons contained only 35 ships, totalling 242,000 gross tons. By 1947 this fleet had increased to 153 ships, totalling 983,000 gross tons, and a further 80 ships totalling about 560,000 gross tons were on charter to the United Kingdom ministry of transport.

That fleet placed us in fourth position among the shipping nations of the world. I recall that it was not unusual to see 50, 75 or 100 ships in Bedford basin, the inland body of water off Halifax harbour. Anyone who wished could go to Citadel Hill almost any morning and watch these ships sail out of the harbour in convoy at intervals of perhaps four minutes, with 15 ships sailing each hour. This would go on for three or four hours, until one could see 50, 75 or 100 ships moving out of that harbour. Today practically no ships are going out of Halifax harbour. The minister will say that war conditions were responsible for a great deal of the shipping that went through the port of Halifax. We recognize that, but we are concerned over what is being done to overcome the present scarcity of shipping through our ports; and when I say "our ports" I am not referring particularly to Halifax, because the same thing applies to Saint John and other Atlantic ports.

I recall that in 1942 I took strong exception to the personnel suggested for the maritime commission. It was not that I had any particular feeling with respect to the individuals mentioned, but I stressed the fact that on that commission we wanted a man from the Atlantic coast, a maritime man who understood our problems. The minister was rather put out with me because I spoke so strongly on the matter. He is smiling now, but he was rather cross because I kept insisting in that vein. Today I feel that I was justified in stressing that point, because now we find ourselves in the unfortunate position of not having a policy at all, as far as I know, or at

least of not having any remedy which will help solve our shipping problems on the Atlantic coast.

I am going to ask the minister also to explain to the committee the results of the survey made by the commission. I understand they were asked to make a survey; and in fact this is mentioned in their report covering the period to March 31, 1948, tabled in this house. The commission was to conduct a survey which would include, first, the existing domestic and international shipping services needed to serve Canadian trade. That was one answer they were to give us, how that objective could best be reached. Second, they were to advise as to the most suitable ships for employment in Canadian services; and third, as to the operating costs of Canadian ships as compared with those of other registries. If I were a lawyer I think I would rest my case on those three points, but I am just an ordinary businessman, and it is from the business approach that I place my facts before the minister in the hope that later this evening he will be able to give a satisfactory answer, or at least let us know what is being done by his department and particularly by the maritime commission with respect to these surveys. According to this report the commission was formed—

—to co-ordinate the administration of shipping matters and recommend to the government policies for the preservation of the shipping and shipbuilding industries. The Canadian Maritime Commission Act provides that the commission shall recommend to the Minister of Transport policies and measures which it considers necessary for the maintenance, manning and development of the Canadian merchant fleet and shipbuilding industry; administer steamship subventions voted by parliament; and assume any other powers, duties and functions required by the Minister of Transport or by the governor in council. The act also authorizes the commission to investigate and study Canadian requirements with respect to shipping services, the type, size and speed of ships required for these services, Canadian shipbuilding and ship-repairing facilities and the costs of building ships in Canada and operating them under Canadian flag.

Those words "Canadian flag" bring to mind a thought I am going to place before the government. There is an item in the estimates to which I am not going to refer at length. It is item No. 488, dealing with maritime freight rates, which calls for the payment of $5,500,000 to carry out the purposes of the Maritime Freight Rates Act. If I may go back to 1923, in that year Hon. W. S. Fielding brought into operation a ten per cent preference on all goods entering Canada through Canadian ports, which was of material benefit to our ports, particularly those on the Atlantic coast. I am going to ask the minister and the maritime commission to consider a policy somewhat along that line and based upon that principle, except that instead of dealing with incoming freight it should deal with outgoing cargoes; that is, the payment of a subsidy or other assistance on freight shipped through Canadian ports in Canadian ships carrying the Canadian flag. I believe that if a policy such as that could be worked out it would be of real benefit to the shipping interests. Today we know that operating costs are high. In an article I read in *Saturday Night* of February 1, 1949, headed "Canada Must Have a Policy for Merchant Shipping," reference is made to the cost of operation; and it reads in part as follows:

As it has been officially announced recently by the chairman of the Canadian maritime commission, it costs about $950 per day under the American flag, $780 per day under Canadian flag, and $500 per day under British flag to run these ships or similar types.

As can be seen, roughly speaking there is a fifty per cent increase in the rate on the Canadian shipping lines over that of the United Kingdom shipping lines. Those are the figures supplied, I believe, by the maritime commission to the writer of this article, which goes on to refer to other ships as follows:

Italian and Norwegian vessels operate still cheaper. Although management is part of cash outlays, these figures exclude it and also depreciation and interest. Our competitors, therefore, operate at about fifty to sixty per cent of our costs.

Mr. Chevrier: May I interrupt the hon. member in order to ask this question? Did he say there was a difference of fifty per cent in the rates?

Mr. Isnor: No, in operating costs per day. I am quoting the figures.

Mr. Chevrier: I think the record will indicate that the hon. member said "rates". I am sure he did not intend that.

Mr. Isnor: No, I did not intend that. I thank the minister for correcting me. The costs per day are $500 as compared with $780, which would be roughly fifty per cent. Is that clear for the minister's officials? At least that is the way I interpret it.

As I have already stated, that is an important matter to us, and it is important from many angles. It is important not only to the ship owners or operators and to the crew but also to the trades associated with the shipping interests in any port. We have our longshoremen. In Halifax alone there is a waterfront population of something like 4,000. That includes of course not only those who unload the ships, check the freight and so on but those who supply provisions.

Of importance to any port are the shipyards for making repairs to ships. Just within the last few days I read that Halifax Shipyards Limited proposed to lay off 500 or 600 men largely because there is no repair

work. So I say that this is an important matter, and I sincerely hope that the minister will be able to give some consideration to the suggestion I have made.

I am not an expert on shipping. I do not know whether it is possible or feasible to work out the suggestion I have laid before you but it is being done in respect to incoming freight and I cannot see any reason why it cannot be reversed. I cannot see any reason why something cannot be worked out by these officials. I have every respect for the officials of the Canadian maritime commission, but I feel that if they had the advice of a man from the Atlantic coast they would be in a much better position to handle these matters which I have placed before you. I shall leave that question with the minister, and perhaps he will be good enough a little later on to indicate what policy he proposes to follow and also what remedy he has for the difficulties experienced by our shipping on the Atlantic coast.

Coupled with that matter is one that has already been raised on the floor of the house by the hon. member for Vancouver-Quadra and also by others. It has to do with the merchant navy. I couple the two matters, Mr. Chairman, because I feel that the one is linked up with the other. A large number of these young members of the former merchant navy are walking our streets today because of shipping conditions in our part of the country. I feel that something should be done for those young men. Last December an order in council was passed. I refer to P.C. 5983. I think I am correct in the number. If not, the minister will know the one I mean. It had to do with vocational training. It will be recalled that there were two restrictions in that order in council, one dealing with the age—restricting the applicants to age thirty—and the other dealing with the deadline, June 30.

The information given to the committee last Friday evening by the Minister of Veterans Affairs was to the effect that there were 770 applications received, 118 were rejected as being over age—I wish the minister would remember that figure, 118—100 applications were withdrawn, 195 were rejected on various grounds, 40 were still in the process of consideration, and 317 were accepted for vocational training and the benefits provided by the Department of Veterans Affairs. But these young men come under the jurisdiction of the Department of Transport and it is to that department that I put the plea that an amendment be made to this order in council by striking out the age limit of thirty. Large numbers of these young men were too young to enter the regular armed services. They were perhaps sixteen, seventeen, seventeen and a half and under. We had a large number of them both on the east and west coasts. Then there were those who were too old. I do not know whether or not all the older ones care to take up vocational training but at least 118 are anxious to do so. These young men today, because of shipping conditions, are unemployed. From an educational standpoint I believe it would be well for the government to amend that order in council and to bring into effect a measure whereby they would be permitted to enjoy the benefits enjoyed by other members of the armed forces and to obtain vocational training. I hope I have made that point clear. I am asking the minister to remove both restrictions, the one applying to the age and the other applying to the deadline. If he does not wish to do away entirely with the deadline, I would suggest that he might be good enough to extend it to June 30, 1950, instead of having it as it now reads, namely, June 30, 1949.

I think I have covered, as briefly as I could, the points I had in mind, namely, what policy if any the government have and what remedy they propose with respect to our shipping conditions on the Atlantic coast; and in the second place, to give these young merchant navy men the opportunity to further their education by extending D.V.A. benefits so as to give them vocational training.

Mr. Robertson: I should like to bring to the attention of hon. members, and of the Minister of Transport in particular, a question which is of vital concern to my constituency of Northumberland, and particularly to my home town of Cobourg. It is also of great importance to a wide area of central Ontario. For some months we have heard repeated rumours that the Ontario Car Ferry Company, which operates the Ontario car ferries between Rochester, New York, and Cobourg, Ontario, would be discontinued. It has been proven that these rumours have real foundation because we have been told by the president of the Canadian National Railways that serious consideration is being given to the discontinuance of this car ferry service.

The Ontario Car Ferry Company is owned jointly by the Canadian National Railways and the Baltimore and Ohio Railway in the United States. The boats are under Canadian registry and therefore under Canadian management. They have been in operation for some forty years and have been used extensively for the movement of freight between Canada and the United States, and for passenger service between these two countries. I can understand that the minister might be loath to interfere in such a situation on the grounds it is one of internal management, but I suggest to him that it is not a

question of internal management but one of operational service; and is one which should receive his serious consideration.

The services as performed by the Ontario Car Ferry Company are of vital importance to a wide area of central Ontario and a large part of New York state. For many years many tourists have entered Canada via the ferry and spread to all parts of Canada, particularly to all parts of central Ontario. We know they have left many thousands of dollars in Canada, and therefore at the present time are a source of much-needed United States dollars. I am sure other hon. members, particularly the hon. members for Hastings South, Peterborough West and Hastings-Peterborough, can bear witness to the fact that many tourists have entered their counties via the Ontario car ferry. Each summer many Americans make the pleasure trip across the lake and spend several hours ashore in Cobourg, spending many dollars in that town. The movement of freight by the ferry has been of great importance. Large quantities of pulpwood, newsprint, feldspar and such material pass from Canada to the United States, and large quantities of coal and salt proceed northward from the United States to Canada.

These boats performed a very vital function during the war and were on a twenty-four hour basis, both boats being in constant operation. In view of the valuable services that I have outlined it is not hard to imagine the anxiety with which the rumours have been heard in central Ontario. It is the considered opinion of the people in central Ontario that the management has been lacking in efficiency and in imagination.

The management is by remote control, with the traffic manager living in Montreal and coming to Cobourg about once a month. I understand that between $75 and $100 a month is spent on telephone calls to contact the traffic manager about various problems.

No effort has been made to secure new business, certainly not in the area which these boats serve. I think we could expect that signs of any such effort would be seen in that community. Much of the hard coal can be brought into central Ontario by the ferry if an effort by the management were made to secure this business. Many of the coal dealers in these areas have indicated their willingness to co-operate if any effort were made by the management to secure the business. We know that two of the large consumers of industrial coal in Cobourg bring their coal to that town by car ferry, having found it the cheapest and most efficient route. They are quite concerned regarding the possibility of discontinuance of this service, and they say that if such happens they will bring their coal in by their own boats, and therefore the railroads will lose this revenue.

I think it is reasonable to conclude that if these two large users of industrial coal find it profitable to do so, other industries in this area could be induced to do so if any effort were made by the management to secure this business. We know that large quantities of pulpwood proceed from Canada to the United States via the ferry. I think this business will continue in good volume. We do know that during last spring this volume of business fell off, largely owing to a strike in a factory in the United States which used this pulpwood. We can conclude that this is probably one of the reasons for the present deficit, and that it would be much less in the future.

It is our belief that the passenger service on these boats could be increased greatly. By proper advertising more people would be induced to travel by the ferry. We have had numerous excursions on these boats in the past, but at the present time little effort is made to secure this business. We have been told that a certain club in our town decided against holding an excursion simply because no effort was made by the management to secure this business.

The ferries are advertised as automobile transports, yet we know that any automobiles that are transported by this route have to be on hand about two hours before sailing time, and quite often people who have a reservation come to this area and find that there is no space available for their automobiles to take them to the United States. Certainly that is a definite sign that there is inefficient management.

We are informed by the Canadian National Railways that because of the operating deficit these boats must be removed. It is hard to get figures to correspond as to what this operating deficit is. I have had information from three sources, two of which are the Canadian National Railways and the Baltimore and Ohio Railway, and none of them correspond. It seems to me to be a most unusual fact that they cannot agree on what the deficit is. In view of the increased business which could be secured by proper management I do not believe the figures they quote are sufficient to warrant the discontinuance of this service.

It is also very difficult for us to understand why a service which in past years has justified the use of two boats should suddenly find itself in the position where there is not enough business for one boat.

A study of the carloadings of these ferries is very instructive. We find that business is as good today as it was a year ago on all

movements from Canada to the United States. It is true there is some falling off in business in the carloadings from the United States to Canada, but when we study the situation we find that most of this falling off in business is on account of the marked decrease in the shipment of Canadian National Railways' coal by the ferry. We know that the greater part of the Canadian National Railways coal is now brought into Canada around the lakehead, necessitating a long haul rather than a direct haul to Cobourg through the ferry route. This would look to us as almost a discrimination by the Canadian National Railways against the Ontario Car Ferry Company. It is hard for us to believe that car for car it is cheaper to bring the coal by the long route rather than by the direct route across the ferry. I have been told that if the Canadian National Railways would import their coal in the same quantities as they did a few years ago the car ferry company could operate economically.

During the conference which we had in Montreal I asked the chairman in charge of finance this question: "Would the Ontario Car Ferry Company pay if both the Baltimore and Ohio and the Canadian National Railways made up their minds to make it pay?" He said: "Why certainly it would." I point out to you that, in my opinion, the two parent companies are not doing all they can to make this operation profitable.

The Canadian National Railways also point out that these boats are old; that they cannot be serviceable for very long. But I am informed on good authority that the hulls of these boats are in good shape; that the engines in No. 2 are quite satisfactory for some time, and that the boilers of *Ontario Car Ferry No. 2* could also be made serviceable with some major repairs, which would allow it to carry on for some time. It would at least allow it to carry on long enough to prove or disprove our claim that, with proper management, they could operate economically. As for *Ontario No. 1*, the older of the two, we do know that another company looked at this boat not long ago with a view of putting it into operation at some other point. If that be so, then one might reasonably conclude that even this boat is not in too bad condition.

As I said before, these boats performed a vital function during the war. While the possibility of war is perhaps remote, nevertheless it is a factor we should consider. I believe these boats are vitally important to the defence of the continent. It is my opinion that the Canadian National Railways should not discontinue their operation until it is proven beyond doubt that they cannot be operated economically.

The citizens of central Ontario would not expect the operation to continue if heavy deficits continued to pile up, provided they were sure the company was receiving sympathetic consideration from the Canadian National Railways. It is our opinion that this is not so at the moment. The views expressed by me this evening are not only my own, but as well those of the people in central Ontario. A meeting was held at Cobourg some weeks ago at which all the counties of central Ontario were represented, and it was our view that these ferries still perform a function that is vital to central Ontario.

The delegation also visited the United States. We know that in the United States there is sympathetic regard for the value of these boats, and that they are making every effort to induce the Baltimore and Ohio Railway Company to maintain this service.

My remarks are made in no spirit of biased criticism of the C.N.R., but with a hope of maintaining and continuing this service. I have a few suggestions to make which, if duly considered, will I believe do much toward making this a profitable operation. I suggest first that we have a young and energetic traffic manager, and that he be stationed at Cobourg where he would be in constant touch with the operation of the car ferry. I think it is important that he receive sympathetic support from senior officers of the Canadian National.

The town of Cobourg is prepared to offer the market building, located a short distance from the dock at which Ontario car ferries tie up, as a place where this traffic manager could carry on his operations. I believe he would be able to do a much better job if he were on duty there rather than operate by remote control from Montreal. In my view it would be a good thing if a committee of interested citizens of Canada and the United States were formed to assist the traffic manager in securing new business.

We in central Ontario did not know that a serious condition was developing in connection with the operation of these boats. Now that we have found it out we should have an opportunity to work with them to prove that the boats can be operated economically. I suggest that the C.N.R. should undertake to ship their full quota of coal by this route. We should expect 100 per cent support from the Canadian National. There should be a conference of all railroads affected to discuss rates and divisions of the railroads. For example, at the present time the Baltimore and Ohio are charging 55 cents per ton more on coal shipped by ferry than they are charging on coal being sent by self-unloaders to Canada.

Some determined effort should be made to secure an increase in passenger service. By proper advertising I am sure many more people could be induced to take this step. I am convinced we could get many more excursions to pass over the route. No effort has been made to increase these excursions. I took a trip not long ago on one of these boats, and was shocked by the situation on the other side. A person has to climb one hundred steps in order to go from the ferry to the city of Rochester. In view of the great difficulty this occasions even a healthy person, one can see that it would be absolutely impossible for either an invalid or an aged person to climb these stairs.

There should be better service for the transportation of automobiles, and I am sure if this were developed it would be a source of great remuneration to the company.

Then, if there is insufficient business for two boats, why not proceed with one. This would cut down operating costs and should make possible the economic operation of the service.

In brief, I believe I have set out the present situation of the Ontario Car Ferry Company. I would urge upon the minister that he consider my representations, and before approving any decisions by the Canadian National Railways to discontinue this service, if at any time in the future such decision should be made, that he refer the whole matter to the board of transport commissioners for investigation.

I base my request upon the following reasons:

1. Because of the discrepancy in figures concerning the deficit of the Ontario Car Ferry Company, as supplied from various sources.

2. Because there is no organized system to secure business for the Ontario Car Ferry Company. The only agents trying to find business for the company are those of the Canadian National Railways; and it is my opinion that they give to the ferry company only that business which they cannot handle themselves.

3. In view of the statement of the vice-president that the two parent companies could make this company pay, if they wished, then I say it is reasonable to conclude that possibly at the present time there is some effort to take business from the Ontario Car Ferry Company and this situation should be fully investigated before any decision is handed down in this regard.

4. In view of the appointment of Mr. Donald Gordon as president of the Canadian National Railways, and his taking office on January 1, I do not believe that now is the proper time to take such a radical course as that of discontinuing the service.

[Mr. Robertson.]

May I at this time thank the minister for his courtesy to me in arranging a meeting of my delegation with officials of the Canadian National Railways. He has been a great help to me in this regard. I would ask him to make sure that all phases of the operation of this service are looked into before the ferries cease operation.

Mr. Chevrier: Mr. Chairman, I do not like the record to become encumbered with a number of questions which have not been answered. With that in mind I shall attempt to answer the questions of the senior member for Halifax and the hon. member for Northumberland.

The hon. member for Halifax raised the subject of the shipping policy of the government, and the present position in regard to the Canadian merchant navy. This is an important problem because at the moment the position is, I must admit, quite serious in many respects. This is due to a number of causes which I have already stated in the house. First there is the matter of increased cost of operation and construction of ships. The next is the lack of freight and the deterioration in freight rates; and the last, but not the least, is the effect of devaluation.

The operating cost of a Canadian flagship is the second highest in the world. The United States daily operating costs, exclusive of fuel oil and depreciation, amount to $972.52; the Canadian costs come second with $810.50; and those of the United Kingdom, the sixth highest in a list of nine countries, stand at $525.46. The lowest of all costs are those of Italy where it is $421.71.

Mr. Green: What are the Norwegian and Swedish costs?

Mr. Chevrier: I shall get those in a moment. The cost of constructing a United Kingdom ship is 25 per cent less than that of a Canadian ship. That is a serious condition which Canadian flag ship operators have had to deal with and meet. I referred to the decline in cargoes all over the world. That is a condition which is not peculiar to Canada alone. There are some 118 ships in our own fleet and at the moment 23 have been laid up. The United States have laid up 2,050 war-built ships.

Mr. Isnor: Out of how many?

Mr. Chevrier: There are 323 chartered United States vessels still operating, but whether the total is the addition of those two figures, I am not able to say. I am informed that there are about 250,000 deadweight tons under European flags and about 1,600,000 deadweight tons under North and South American flags which are at present demobilized. Those include 75 Greek-owned vessels. My latest

information is that United Kingdom owners are complaining that current rates are unremunerative.

A third cause, that of devaluation, has placed the Canadian operators in a difficult position. The results of devaluation cannot be clearly seen at this moment because ships are chartered for months in advance and it is impossible to estimate with accuracy the difference that will occur in operation costs.

Another feature which has given the government a great deal of concern is the overall picture that must be considered, not only with respect to our own ships but with respect to the movement of commodities in bottoms from Canada to European and world markets. The whole shipping problem is of such magnitude that I am sure my hon. friend will not expect me to tell him what the policy is at the moment. The government is giving a great deal of consideration to a number of plans. I wish I could say what those plans are but I do not think it is in the public interest to do so. I want my hon. friend to know that careful consideration is being given to the best way to meet the present position.

Mr. Black (Cumberland): Will that policy be declared before prorogation?

Mr. Chevrier: I am afraid I cannot give my hon. friend any definite assurance as to when it will be. It certainly will not be in the immediate future because until the picture of the effects of devaluation is clearer than it is at the moment, any policy announced now would be simply premature.

Mr. Green: Will legislation be introduced at this session?

Mr. Chevrier: Legislation was announced in the speech from the throne and it is my intention to bring down legislation during the session.

Mr. Black (Cumberland): I should like to point out—

Mr. Chevrier: Will my hon. friend allow me to make the statement? I am trying to reply to the hon. member for Halifax on the general position. After I have completed it, if my hon. friend wants to ask any questions, he may.

Mr. Black (Cumberland): I want to point out that it is urgent to a great many people that a policy be declared.

Mr. Chevrier: Let me tell my hon. friend that no one realizes more than I how urgent it is. The statement which he has made to the effect that it is urgent certainly does not add anything to the debate, as I see it. I am fully conscious of the seriousness of the problem. I said so a moment ago and I repeat now that to move into this position too quickly when one does not know what the effects of devaluation are likely to be might be far more serious now than in two or three months. I am sorry to say that perhaps more ships will have to be laid up, but the condition is not one peculiar to this country. To a large extent it is world-wide, and I do not think the government should be pushed into making an immediate decision when the problem is one that requires more than ordinary consideration.

My hon. friend suggested one or two remedies, one being something like vote 488 of the estimates. I am glad to tell him that that is a matter that will receive consideration. I am unable to see whether it would be of assistance at the moment. The rates he has referred to are fixed by world markets and I am not in position to state whether a subsidy paid to the shipper would be an answer to the problem. I think there is an answer, but I doubt if it lies along that line.

The hon. member for Vancouver-Quadra asked what the Norwegian costs were. They are $506.68 per day, and apparently the Swedish costs are the same. There are 4,800 United States ships of 100 gross tons or over, making a total of 26,900,000 gross tons. I assume that of that 4,800 ships the 2,050 that I mentioned a moment ago have been laid up.

The hon. member also brought up the question of merchant seamen which was discussed the other evening by the hon. member for Vancouver-Quadra and the hon. member for Vancouver East. Perhaps the best way to handle that briefly is to say that the officers of the Department of Transport and of the Department of Veterans Affairs are governed by the terms of order in council P.C. 5983. They are putting into effect the conditions laid down in that order in council which was passed following a recommendation by the veterans affairs committee that merchant seamen under the age of 30 years who were receiving certain benefits and certain bonuses should be entitled to vocational training other than what was available prior to the passing of the order in council. Up to that time the only vocational training they were receiving had to do with their own calling and they were then entitled to vocational training of any kind such as that given to veterans of the armed services. As I said a moment ago, those two conditions, the one of age and the time limit of June 30, were fixed by the order in council and the officers of the departments are simply putting that order into effect. In order to change that an order in council amending those regulations would be necessary, and of course that would have to

be a matter of government policy. In all fairness to the house I think I should tell the hon. member for Halifax, and the other two hon. members who raised the question on Friday evening, that I shall be glad to bring their representations to the attention of my colleague. I do not know what should be done. At the time that it was approved by the veterans affairs committee it was felt that the age of thirty was a fair one. Now there seems to be some injustice.

Mr. Isnor: Would the minister be good enough to have his officials consult with the Department of Veterans Affairs?

Mr. Chevrier: Yes. I should have included that in my undertaking because it was my intention that that should be done.

Mr. Isnor: Thank you.

Mr. Chevrier: The hon. member for Vancouver East raised a question about one individual who had been prejudiced by the fact that he could not apply within the six months' period. He referred to a letter which I had written. I presume again I was bound by the terms of the order in council; but, as I have stated I shall be glad, in conjunction with my colleague, the Minister of Veterans Affairs, to look into the terms of the order in council.

I should like to deal quickly, but without disrespect when I say "quickly", with the representations made by the hon. member for Northumberland. He presented the case very fairly as to the operations of the car ferry between Cobourg in his constituency, and Rochester, New York. The difficulty with that service, as well as with some other services operated by the Canadian National Railways, is that it is not a paying proposition. Unfortunately there is more than one service of that kind, and more than one which will have to be regarded from the standpoint of the profit of the enterprise.

In this particular case it is a joint enterprise operated by the C.N.R. and the Baltimore and Ohio Railway, and in 1948 the operating results were such that the Canadian National Railways had to sell a substantial amount of its Canadian government bonds—I believe $80,000 worth—in order to pay the deficit. I realize that services of this character are of extreme importance to a community. The community has grown to rely upon them. Tourist traffic uses them, and it is a great pity that they should be cut off overnight, as it were, but I am afraid that I must put before the hon. member the position of the Canadian National Railways when it is face to face with keen highway competition.

[Mr. Chevrier.]

The hon. member spoke about the terrible service on the other side and the hundred stairs he had to climb. Of course that is so, and I am glad he brought it up because the service is bad not only there but elsewhere, particularly in connection with the operation of ships. People do not travel by ship today as they did in days gone by; they travel by highway. They want to move quickly, and that is why the position is such as he pointed out. That is why it is difficult to operate at a profit. When operations have shown a loss over a period of years, surely the railway must give consideration to alternatives, and when the operation is a joint one then I suppose it must consult the other joint owner, which in this case is a United States corporation.

The hon. member made some most thoughtful and helpful suggestions. I thank him for having brought them to my attention and to the attention of the house. I can assure him that I will bring them to the attention of the officers of the Canadian National Railways. He has suggested that the whole matter be referred to the Board of Transport Commissioners for Canada. I am unable to tell him at this time whether or not I would be prepared to do that. First of all I would have to be convinced that the board has jurisdiction in a matter of this kind. I am not so sure that it has, but if he will allow me to give it consideration in that respect perhaps I can tell him at a later date whether or not that is possible. I am sure he will understand it is impossible for me to do so at this juncture.

Mr. Robertson: I should like to point out one matter. The minister spoke about the sale of bonds. I believe those bonds were acquired out of operational profits of the Ontario car ferry in past years. Therefore I do not think it is too serious if they had to sell them.

Mr. Higgins: Mr. Chairman, I must say that I listened with a great deal of interest tonight to the hon. member for Halifax discussing the subject of merchant shipping. I was pleased to learn from the minister that the matter has been under active consideration by the government. I think it would be a great pity if any of our ships were allowed to lie up in mothballs as they have been recently in Halifax and in other seaports of the country.

I want to direct the attention of the committee to another matter this evening, the growing necessity for the establishment in Canada of a Canadian coastguard. It appears to me as a new member that this is a matter which has been given little, if any, consideration by the government. From the information I have obtained since I entered the

house, and indeed since I came to Ottawa, it would appear that it has had very little if any attention. At page 987 of *Hansard* for 1948 there is an answer made by the Minister of Transport in reply to a question asked by the then member for Skeena, Mr. Archibald. The present minister stated at that time, speaking of a coastguard:

> The matter is one which has been given consideration not only by the Department of Transport but also by the government as a whole, and while the establishment of a coastguard deserves a great deal of sympathetic consideration, on the other hand when one considers the tremendous cost which would follow the extensive establishment of coastguards on all the coasts of Canada he cannot help but come to the conclusion that the cost would be entirely out of proportion to the matter to which my hon. friend referred.

To me at least, Mr. Chairman, that answer appears to have very little to commend it. To consider the question of cost when the matter of saving lives is at stake is not a very good answer for the government of the great Dominion of Canada to make, and particularly, I say to the minister, when so much money is being spent for other services that are not nearly so vital as the establishment of a coastguard. The minister also said at that time:

> I should bring to the hon. member's attention, however, the fact that at the present time the existing facilities for such service are marine service steamers, fishery patrol vessels, Royal Canadian Mounted Police vessels and also the search and rescue squads of the R.C.A.F., which are devoted almost exclusively to air rescue, but which oftentimes have come to the assistance of marine casualties.

Again I say, Mr. Chairman, that this is no answer. In my humble opinion it is not sufficient to have a number of services such as those outlined by the minister. What is vitally needed is one service whose sole responsibility it will be.

The need of a coastguard, I feel certain, is apparent not only to hon. members whose constituencies border the sea but to hon. members whose constituencies are on the great lakes and in fact, I am sure, to all hon. members. I feel certain that those living inland, whose livelihood is not dependent in any way upon the sea or the great lakes, nevertheless have great interest in the safety of our seamen both on the lakes and on the greater waters of the Pacific and the Atlantic. The present system of spreading the marine services among half a dozen departments is stupid, inefficient, costly and illogical. A coastguard properly constituted could very well handle a number of the duties now distributed among different departments under different administrations. These duties would include policing and revenue protection, rescue services, hydrographic surveys and the maintenance of navigational aids.

Several of these services now are being looked after by the marine section of the mounted police. I entirely agree that this is a great force, but it was not designed nor equipped for coastguard work. The marine section is primarily a police force and operates as such. The extraordinary arrangement of using policemen for sea duty, I have been told, has led to use of the expression, "Spurs on the quarterdeck". Do not think I am criticizing this great force in any way, Mr. Chairman. I am not. They have shown themselves to be first-class sailors. They have performed many missions which were really the work of a coastguard rather than police work. My criticism is directed not against the section but against the system. The sort of men in the marine section is shown by the fact that in the last great war 87 per cent of the personnel joined the armed services, most of them serving with the navy, where they played a great part in those frantic days when Canada's navy was expanding from practically nothing to the tremendous striking force it became by the end of the war. These men helped in setting up port defences, examination stations, seagoing patrols and many other routines which had to be established quickly. They were of the greatest value in training new recruits, since they possessed the type of knowledge most necessary, including engineering, administration and seamanship. Sixty-six Canadian warships were commanded by men of the section, while 28 warships had men from the section in charge of their engine rooms. It is a record of which they may well be proud; and it proves that Canada can find competent seamen for a properly constituted coastguard service, men who can do a more useful job for our country than is possible at the present time, with the marine services divided among so many different departments.

Hon. members are aware of the great services performed by the United States coastguard. They must be aware also of how often Canada is compelled to call upon that coastguard service, because we have none of our own. It should be humiliating to all hon. members and indeed to all Canadians that in this day and age, when Canada is setting herself up as a world power, we must rely upon the assistance of our great neighbour to the south, no matter how willingly that assistance may be given.

This is no new question I am bringing up. In my discussion and reading since coming to Ottawa I find that it has been urged on innumerable occasions. The Bovey commission reported some considerable time ago, in

view of the representations made and evidence submitted—

—that an independent committee be set up by the government to study the proposal for a Canadian coastguard, and if formation of a Canadian coastguard is recommended, to outline its functions and organization.

However, this recommendation came to nothing; and, as was commented by the Halifax *Chronicle-Herald* of July 12, 1946, "Trying to sell Ottawa a coastguard idea is like ploughing the sand". The provincial government of British Columbia has gone on record in favour of a coastguard service, as has the British Columbia command of the Canadian Legion. The Annapolis Royal board of trade and the Annapolis valley boards of trade have also endorsed the proposal. The Nova Scotia command of the Canadian Legion submitted that the establishment of a coastguard would be in line with the rehabilitation policy of the dominion government—

—in that it would provide employment for ex-naval personnel, many of whom would be particularly well qualified for work of this nature.

On January 15, 1949, the Vancouver merchants' exchange submitted a brief on behalf of the Vancouver Merchants' Exchange Limited, the fishing vessel owners' association, the Canadian merchant service guild, the ship owners' association (deep sea) of British Columbia, the British Columbia tow boat owners' association, the Vancouver board of trade, the salmon canners' operating committee, Lloyd's agency, the Board of Marine Underwriters of San Francisco Incorported, the Vancouver chamber of shipping, the coastwise operators' association of British Columbia, and the naval officers' association of British Columbia. This brief set out the geographical nature of the coast of British Columbia and the urgent necessity for the setting up of a coastguard. It is much too long to quote today, but I can assure hon. members that it was a very well reasoned argument. Apparently, however, it proved of no avail.

Then in March of the present year the Trades and Labour Congress of Canada added its voice to all the others in requesting the establishment of a Canadian coastguard service for both coasts and the great lakes. According to the Vancouver *Sun* of August 17, 1949, the fishermen's union of Vancouver made a demand upon the government for a coastguard service; and in another item appearing in the same newspaper in April, 1949, it is stated that representatives of thirteen coastal organizations met with Mr. J. C. Lessard, deputy minister of transport, and Mr. Jack V. Clyne, chairman of the maritime commission, to discuss the possibility of a coastguard for British Columbia.

[Mr. Higgins.]

Another strong and informed voice has joined the rising demand for a Canadian coastguard service. The dominion council of the naval officers' association of Canada, representing thousands of former naval officers from coast to coast, has unanimously endorsed such an undertaking. The action of the dominion council was taken last summer, during the annual meeting in Halifax. The council unanimously approved a resolution presented by the Halifax branch—

—urgently and strongly recommending the immediate formation of a Canadian coastguard service.

The resolution's preamble points out that the expansion of our naval and merchant service activities during world war II gave this nation a new sense of sea power and its attendant responsibilities, and that our responsibilities have increased with the addition of another seafaring province, Newfoundland. It holds that:

The present distribution of marine responsibilities among several government departments would seem to be less efficient than a unified co-ordinated service.

And that:

It is not in accord with national dignity to be repeatedly obligated to the United States coastguard.

The preamble also notes that a Canadian coastguard service would:

Provide a corps of trained and disciplined men under service regulations which would supplement the Royal Canadian Navy in the event of war.

A series of suggestions accompanied the resolution. They include the idea that a Canadian coastguard would carry out the duties of the following departments or agencies: R.C.M.P. marine division, which is held to be the logical nucleus around which to build a coastguard; fisheries patrol; Department of Transport marine and meteorological service, excluding certain port duties such as steamship inspection and examination of masters and mates; lifesaving and sea rescue duties; hydrographic survey duties.

The resolution stated:

It is considered desirable to absorb personnel of departments taken over, but it is strongly suggested that the qualifications for further enlistment of officers and men in the proposed coastguard service be fully as exacting as those of the Royal Canadian Navy.

And finally, the resolution stated:

In view of the record and experience of the United States coastguard service, we consider that it might well be used as a working model.

Here then, Mr. Chairman, is a considered opinion approved unanimously by a council representing thousands of former officers with

wartime sea-going experience. Their number includes, too, many men who are at present actively associated with marine affairs in civil life. This resolution is one embodying much that has been discussed by branches of the association on both coasts. It is an opinion which should carry weight. I am quoting the demands of these organizations so that hon. members may understand that this is no isolated appeal but indeed one that comes from all sections of Canada, and should be heeded.

Coming to my own province of Newfoundland, I can speak from knowledge. I have no hesitation in saying that the establishment of a coastguard service in Newfoundland would be a godsend. The island of Newfoundland, not taking Labrador into consideration, has six thousand miles of coast line. As hon. members are probably aware, in a great measure we must depend on the sea for our highroad. If that highroad of ours has to be traversed, as it must, by small boats and in all kinds of weather—and the weather in Newfoundland varies as it does up here, of course—one can readily imagine the great value of a service such as the one I have suggested this evening, and what a great boon it would be to the residents of Newfoundland to know that they had a coastguard service of their own.

At the present time we are fortunate in having, as we have had for some time past, the assistance of the United States coastguard. They have given us wonderful help. There is no question about it, we owe a great deal to them and to their ships and planes. I understand that quite recently a branch of the search and rescue division has been set up in Newfoundland by the federal government. It consists of five officers, three non-commissioned officers and nine airmen. They are to have one Canso aircraft and one Norseman aircraft. In the newspaper article from Newfoundland that I read it is stated the force will co-operate closely with the United States Air Force rescue force and the United States coastguard. We are not ungrateful to our good neighbours to the south, the United States; but as a citizen of a province of this great dominion I feel that we should not have to depend on the services supplied by our neighbours for this work, no matter how willingly those services are provided.

In addition to assistance which we have received from the United States coastguard on numerous occasions when our ships get into difficulties, it means that one of our regular coastal boats must be taken off service or at times a ship belonging to a private firm has to be hired by the provincial government to render aid. As happened only within the last two weeks, a ship going about her lawful occasions and owned by a private firm had to be chartered by the provincial government to go to the assistance of two schooners which were in difficulties on our northern coast.

With Newfoundland the fishing country that it basically is, with a natural ancillary to that fishing industry being the operation of small boats, with the stormy weather—

Some hon. Members: Eleven o'clock.

The Deputy Chairman: Before I call it eleven o'clock, may I ask if the committee would be prepared to pass item 453?

Mr. Green: No. The hon. member for St. John's East is not through.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we shall resume debate on the budget.

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

[The following item was passed in committee of supply]:

DEPARTMENT OF TRANSPORT

Administration of the Transport Act—

454. Board of Transport Commissioners for Canada—administration, maintenance and operation, $610,880.

Appendix A

ADDRESS

of

PANDIT JAWAHARLAL NEHRU

Prime Minister of India

to

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

in the

HOUSE OF COMMONS CHAMBER, OTTAWA

on

MONDAY, OCTOBER 24, 1949

The Prime Minister of India was welcomed by the Right Honourable L. S. St. Laurent, Prime Minister of Canada, and thanked by the Honourable Elie Beauregard, Speaker of the Senate, and the Honourable W. Ross Macdonald, Speaker of the House of Commons.

Right Hon. L. S. St. Laurent (Prime Minister of Canada): Mr. Prime Minister; fellow members of the houses of parliament: Our country is indeed honoured to have as its guest on this occasion the Prime Minister of India, Pandit Nehru. As Prime Minister of a sister member nation of the commonwealth I find it a most welcome and agreeable duty to extend to you, Mr. Nehru, a very warm welcome to this parliament and to Canada. You come to us, both as one whose deeds and thoughts have commanded widespread attention in these troubled times, and as a most distinguished leader of that great portion of mankind which constitutes the population of India.

I extend also a cordial welcome to the sister of our distinguished guest, Mrs. Pandit, who at present represents India as ambassador to the United States, and to Mr. Nehru's daughter, Mrs. Gandhi, whom it is also a pleasure to have with us on this occasion.

Just six months ago I was happy to announce in this house the understanding reached in London with regard to the continuance of India as a full member of the commonwealth in the event that India should become a republic. It was not only the peoples of the commonwealth who had waited to learn the outcome of the discussions. Others were watching, too; for much hung in the balance for the three new Asian members which as separate units had joined the family of the commonwealth of nations in 1947. Each was heir to an ancient civilization. Each was inspired by a strong national consciousness and by a great vision of the future as a member in its own right of the international community. Each, moreover, was keenly aware of problems at home and of difficulties in the world at large. Each felt it had a contribution to make in its own way, suited to the genius as well as to the needs of its people.

We in Canada feel that we have been able to achieve some understanding of these things, distant though we are from the great Indian subcontinent. When India, the largest and most populous of these new states, reached the stage where its desires with regard to its constitution prompted it to settle its future status in relation to other commonwealth countries, most people in Canada realized, I think, that the constitution of India was of course a matter for the Indian people to decide for themselves. At the same time we felt that any reasonable arrangement providing for the full membership of India in the commonwealth as a republic, if that form of constitution should be India's wish, would be welcome.

We Canadians were glad to learn that our association with India as a sister nation in the commonwealth was to continue, and, we hoped, was to become more direct and more mutually advantageous. We are happy that friendship, good will and understanding exist between India and Canada. We are conscious that we share with the government and people of India an unswerving desire for a peaceful world in which nations, both great and small, may pursue the well-being of their peoples.

On behalf of the members present and of the people of Canada generally, I venture to voice the hope that Mr. Nehru will carry back to India a message of greeting and warmest good wishes from us all.

We know of the signal courage, devotion and loyalty with which Mr. Nehru has served and continues to serve the people of India, and of the statesmanship and nobility of thought which he has brought to bear upon the great questions of human affairs in the councils not only of India but of the commonwealth and of the United Nations. We pray that he may long be spared to continue with his task and to see his hopes bearing fruit.

Fellow members of the houses of parliament, I present to you the Prime Minister of India, Pandit Jawaharlal Nehru.

Pandit Jawaharlal Nehru (Prime Minister of India): Mr. Prime Minister, I am grateful to you, sir, and the honourable members of this parliament for the honour you have done me in inviting me to address you, and for the warm welcome which you have been good enough to extend to me. I am happy to be in the capital of this great dominion, and to bring to you the greetings and good wishes of the government and people of India.

During the past twelve months it has been my privilege to be associated in important discussions with your Prime Minister (Mr. St. Laurent) and your Secretary of State for External Affairs (Mr. Pearson). We have had to consider many difficult problems together, and I am revealing no secret when I say that our point of view and Canada's were identical or very near to each other on almost every one of them. In particular I should like to refer to the spirit of understanding shown by your government and your representative at the meeting of dominion prime ministers, held in London last April, in the determination of our future relationship with the commonwealth. That spirit is in the great tradition of your leaders, Sir John Macdonald, Sir Wilfrid Laurier, and your last prime minister, Mr. Mackenzie King, who, happily, is still with us. That tradition has been one of association with the commonwealth, in complete freedom, unfettered by any outside control. Canada has been a pioneer in the evolution of this relationship, and, as such, one of the builders of the commonwealth as an association of free and equal nations.

India, as you know, will soon become a republic, but will remain a member of the commonwealth. Our past co-operation will not, therefore, cease or alter with the change in our status. On the contrary, it will have the greater strength that common endeavour derives from a sense that it is inspired and sustained by the free will of free peoples. I am convinced that this development in the history of the commonwealth, without parallel elsewhere or at any other time, is a significant step toward peace and co-operation in the world.

Of even greater significance is the manner of this achievement. Only a few years ago Indian nationalism was in conflict with British imperialism, and that conflict brought in its train ill will, suspicion, and bitterness—although, because of the teaching of our great leader, Mahatma Gandhi, there was far less ill will than in any other nationalist struggle against foreign domination. Who would have thought then that suspicion and bitterness would largely fade away so rapidly, giving place to friendly co-operation between free and equal nations? That is an achievement for which all those who are concerned with it can take legitimate credit. It is an outstanding example of the peaceful solution of difficult problems, and a solution which is a real one because it does not lead to other problems. The rest of the world might well pay heed to this example.

Canada is a vast country, and her extent is continental. She faces Europe across the Atlantic, and Asia across the Pacific. Past history explains your preoccupation thus far with European affairs. Past history also, as well as geography, explain the depth and intimacy of our interest in Asia. But in the world of today neither you nor we can afford to be purely national, or even continental, in our outlook; the world has become too small for that. If we do not all co-operate and live at peace with each other, we stumble on one another and clutch at each other's throats.

We talk of the east and the west, of the Orient and the Occident; yet these divisions have little reality. In fact the so-called east is geographically the west for you. During the last two or three hundred years some European nations developed an industrial civilization, and thus became different in many ways from the east, which was still primarily agricultural. The new strength that technical advance gave them added to their wealth and power, and an era of colonialism and

imperialism began, during which the greater part of Asia was dominated by some countries of Europe. In the long perspective of history this was a brief period, and already we are seeing the end of it. The imperialism which was at its height during the last century and a half has largely faded away and lingers in only a few countries today. There can be little doubt that it will end in these remaining countries also, and the sooner it ends, the better for the peace and security of the world.

Asia, the mother of continents and the cradle of history's major civilization, is renascent today. The dawn of its newly acquired freedom is turbulent, because during these past two centuries its growth was arrested, frustration was widespread, and new forces grew up. These forces were essentially nationalist, seeking political freedom; but behind them was the vital urge to better the economic condition of the masses of the people. Where nationalism was thwarted there was conflict, as there is conflict today where it is being thwarted, for example in southeast Asia. To regard the present unsettled state of southeast Asia as a result of or as part of an ideological conflict would be a dangerous error. The troubles and discontents of this part of the world, and indeed of the greater part of Asia, are the result of obstructed freedom and dire poverty. The remedy is to accelerate the advent of freedom and to remove want. If this is achieved, Asia will become a powerful factor in stability and peace. The philosophy of Asia has been and is a philosophy of peace.

There is another facet of this Asian situation to which reference must be made. The so-called revolt of Asia is a striving of the legitimate pride of ancient peoples against the arrogance of certain western nations. Racial discrimination is still in evidence in some countries, and there is still not enough realization of the importance of Asia in the councils of the world.

India's championship of freedom and racial equality in Asia, as well as in Africa, is a natural urge of the facts of geography and history. India desires no leadership or dominion or authority over any other country. But we are compelled by circumstances to play our part in Asia and in the world, because we are convinced that unless these basic problems of Asia are solved, there can be no world peace. Canada, with her traditions of democracy, her sense of justice and her love of fair play, should understand our purpose and our motives, and should use her growing wealth and power to extend the horizons of freedom, to promote order and liberty, to remove want, and thus to ensure lasting peace.

India is an old nation, and yet today she has in her something of the spirit and dynamic quality of youth. Some of the vital impulses which gave strength to India in past ages inspire us still, and at the same time we have learned much from the west in social and political values, in science and technology. We have still much to learn and much to do, especially in the application of science to problems of social well-being. We have gained political freedom, and the urgent task before us today is to improve rapidly the economic conditions of our people, and to fight relentlessly against poverty and social ills. We are determined to apply ourselves to these problems and to achieve success. We have the will and the natural resources and the human material to do so, and our immediate task is to harness them for human betterment. For this purpose it is essential for us to have a period of peaceful development and co-operation with other nations.

The peace of one country cannot be assured unless there is peace elsewhere. In this narrow and contracting world, war and peace and freedom are becoming indivisible. Therefore it is not enough for any one country to secure peace within its own borders; it is necessary also that it should endeavour to its utmost capacity to help in the maintenance of peace all over the world.

The world today is full of tension and conflict. Behind this tension lies an ever-growing fear, which is the parent of many ills. There are also economic causes which can only be remedied by economic means. There can be no security or real peace if vast numbers of people in various parts of the world live in poverty and misery. Nor indeed can there be a balanced economy for the world as a whole if the undeveloped parts continue to upset that balance and to drag down even the more prosperous nations. Both for economic and for political reasons, therefore, it has become essential to develop these undeveloped regions and to raise the standards of the people there. Technical advance and industrialization of these regions will not mean any injury to those countries which are already highly industrialized. International trade grows as more and more countries produce more goods and supply the wants of mankind. Our industrialization has a predominantly social aim, to meet the pressing wants of the great majority of our own people.

This age we live in has been called the atomic age. Vast new sources of energy are

being tapped; but men's thoughts, instead of being in terms of service and betterment of mankind, turn to destructive purposes. Destruction by these new and terrible weapons of war can only lead to unparalleled disaster for all concerned; yet people lightly talk of war and bend their energies to preparing for it. A very distinguished American said the other day that the use of the atom bomb might well be likened to setting a house on fire in order to rid it of some insects and termites.

Dangers undoubtedly threaten us, and we must be on our guard against them and take all necessary precautions. But we must always remember that we do not serve or protect mankind by destroying the house in which it lives and all that it contains.

The problem of maintaining world peace and of diverting our minds and energies to that end thus becomes one of paramount importance. All of us talk of peace and the desirability of it, but do we all serve it faithfully and earnestly? Even in our struggle for freedom, our great leader taught us the path of peace. In the larger context of the world we must inevitably follow that path to the best of our ability. I am convinced that Canada, like India, is earnestly desirous of maintaining peace and freedom. Both our respective countries believe in democracy and the democratic method, and in individual and national freedom. In international affairs, therefore, our objectives are similar, and we have found no difficulty thus far in co-operating for the achievement of these aims. I am here to assure the government and the people of Canada of our earnest desire to work in co-operation with them for these ends. The differences that have existed in our minds about east and west have little substance today, and we are all partners in the same great undertaking. I have little doubt that in spite of the dangers that beset the world today, the forces of constructive and co-operative effort for human betterment will succeed, and the spirit of man will triumph again.

I thank you again, sir, and the honourable members of this parliament, who shoulder a great responsibility, for your friendly and cordial welcome, and for your good wishes for my country. I realize that this welcome was extended to me not as an individual but as a representative and a symbol of my nation. I am sure that my people will appreciate and welcome the honour you have done them, and will look forward to fruitful harmony of endeavour between our two countries for the accomplishment of common tasks.

Pandit Nehru

(Translation):

Before I conclude, Mr. Prime Minister, I should very much like to say a few words in French. I am sorry I am not proficient enough in that beautiful language to speak at length, but I assure you we have a deep liking for it.

To you French-Canadians, I convey the congratulations and warm wishes of the people of India, to which I add my own.

Hon. Elie Beauregard (Speaker of the Senate): Mr. Prime Minister of India, since you chose to conclude your brilliant speech in the language spoken by three to four million Canadians of French origin, may I on their behalf express their keen pleasure and offer you in French the token of their admiration.

Your accession to power coincides with India's entry into the large democratic family of the universe. Thanks to you, your great and diversified country, so rich in science, poetry and storied legend, peacefully takes its place within the council of sovereign nations. At the same time, you are resolutely entering into history.

You come from the Orient, whose patient philosophy knows the art of solving the most complex situations, an art which enabled you to sever your century-old union with the British empire and, almost at the same time, spontaneously to renew a link with the commonwealth.

At this very time of your visit among us, we, under different circumstances and in the normal course of our development, are peacefully making an almost identical gesture. In a few days, Canada, whose stature has grown during the last two wars without, however, leaving the orbit of the commonwealth, will be solely responsible for its destiny.

You bring the west a message of peace, of peace based on the equality of all men before God, before the law and before human conscience. You nevertheless wish India to become aware of its power, first of its economic power and then of the military power needed to protect that economic power.

You already know that America, whose mission is at present burdened with such a heavy responsibility, joyfully welcomes your message. Thanks to the high standard of living created by the industry of our neighbouring republic, the extremely varied races which are its components, merged together as though in a crucible, have become a proud

and powerful nation. In this country, we also believe that this standard of living constitutes the best means of defence against the most pernicious "isms". Under the impetus it is certain to receive from you, your country, so plentifully endowed with manpower and natural resources, can rightfully aspire to full economic development.

Because of your academic training and of your public life, you belong to two civilizations. Both will benefit from the leading role which your high office will call upon you to play in world affairs. This is betokened by the eloquent speech you have just delivered before both houses of parliament, and that is the wish we express.

It is a great honour for me, Mr. Prime Minister, to express, on behalf of both the Senate of Canada and the French-speaking Canadians, the pleasure we have in greeting the first citizen of one of the greatest and oldest countries in the world, and the hope that your brief stay among us will serve to multiply the relations that must be maintained between two peoples whose economies are complementary, and who are both genuinely peace-loving.

(Text):

Hon. W. Ross Macdonald (Speaker of the House of Commons): Pandit Nehru, it is indeed a great honour for me, the Speaker of the House of Commons of Canada, to extend to you, the Prime Minister of India, the sincere appreciation of the members of our parliament for the eloquent and enlightening address which you have delivered this afternoon.

We realize that the words which you have spoken before the few hundred men and women who have had the good fortune to be present and to have heard you, and to have seen you, were in fact addressed to all the people of Canada. Thousands of Canadians this afternoon have not only heard your speech but also have heard the radio commentators describe this history-making scene in the Canadian House of Commons, when the Prime Minister of an ancient country of the east was received as a friend by the Prime Minister of a new country of the west—both countries being self-governing nations and forming part of one great peace-loving community, the commonwealth of nations.

Kipling said:

> Oh, east is east, and west is west, and never the twain shall meet.

However, it is too often forgotten that he also said:

> But there is neither east nor west, border, nor breed, nor birth,
> When two strong men stand face to face, though they come from the ends of the earth!

This afternoon we have seen the Prime Minister of India and the Prime Minister of Canada, two strong men from the opposite ends of the earth, standing face to face on the floor of the House of Commons of Canada and cordially greeting each other without any thought that there is either west or east.

May I, the First Commoner of Canada, express to you, the first Prime Minister of India, the appreciation of all the people of Canada for your presence here this afternoon; and may I extend to you the very best of good wishes for your personal health and happiness and for the general well-being of the people whom you represent.

Appendix B

BRITISH NORTH AMERICA ACT—PROCEDURE IN AMENDMENTS

FURTHER CORRESPONDENCE WITH PREMIERS OF SASKATCHEWAN AND QUEBEC

Premier's Office
Saskatchewan

Regina, October 15, 1949.

Right Hon. L. S. St. Laurent,
Prime Minister of Canada,
Ottawa, Ontario.

My dear Prime Minister:

You will recall that on September 20, I acknowledged your letter of September 14, and expressed appreciation of the fact that steps are about to be taken to remove the necessity of approaching the parliament of the United Kingdom whenever an amendment to the British North America Act is desired. In this connection I may say that we in Saskatchewan are still anxious to co-operate in order that this may be achieved.

Since the date of my letter, further attention has been given to the announcement contained in the fourth paragraph of your letter regarding the proposed request for an amendment which will be submitted to parliament at the present session. I must confess to considerable curiosity as to just what your government has in mind.

As the proposed amendment is described in your letter it would vest in the parliament of Canada authority to "amend the constitution of Canada." Then comes the limitation as follows:

> ". . . but only in relation to matters not coming within the jurisdiction of the legislatures of the provinces, nor affecting the rights and privileges of the provinces, or existing constitutional rights and privileges with respect to education and to the use of the English and French languages."

May I make the general observation that the amendment as proposed in your letter would primarily vest in the dominion parliament authority to amend the constitution of Canada subject of course to the exceptions referred to. This would mean, as I understand the situation, that in the case of any amendment of the B.N.A. Act by the dominion being objected to by a province, the burden would be on the province to show that the amendment infringed the stated exceptions.

Coming to the exceptions, as stated in your letter, the first is clear enough, and probably also the last, dealing with education and the use of the English and French languages. It seems to us, however, that the phrase "affecting the rights and privileges of the provinces" is somewhat lacking in precision and might result in serious misunderstanding. The term "purely federal aspects," used in the fifth paragraph of your letter, does not entirely cure the situation even if "federal" is taken to be equivalent to "general" or "dominion." In our opinion the field that the dominion would occupy after the suggested amendment is indefinite at the moment, and we do not know what your government has in mind in the direction of constitutional development.

It may be presumed that the formula set out in your letter would cover the office of the Governor General of Canada, but a more interesting question arises as to section 9 of the British North America Act. This is interesting for the reason that section 92(1) denies to the provinces the capacity to alter the office of lieutenant governor and executive government in the provinces is performed in the name of His Majesty. Again would the formula cover the preamble to the B.N.A. Act?

Again it may be asked whether the formula would warrant the abolition of the Senate. Such an abolition would not "affect the rights and privileges of the provinces" as corporate entities; yet some of the provinces might take grave objection to the abolition of the upper chamber. Similar questions might be asked concerning the application of the formula to sections 53-57 and other sections.

You will understand that no complaint is being made regarding the action which your government proposes to take. We do think, however, that some further clarification might avoid disagreements in the future. May I request, therefore, clarification regarding (a) the exact scope of the proposed amendment; (b) whether your government has any developments in mind which can properly be disclosed. I may also add that some comment on the particular points raised in this letter would be greatly appreciated.

Yours sincerely,

T. C. Douglas

Office of the Prime Minister
Canada

Ottawa, October 21, 1949

Honourable T. C. Douglas, M.L.A.,
Premier of Saskatchewan,
Regina, Saskatchewan.

My dear Premier:

Your letter of October 15, with further reference to the procedure for amendment of the British North America Act, reached me after the debate on the proposed amendment had begun. I think I can best answer your request for clarification on the government's proposal by referring you to the text of my motion and the speech which I made on Monday, October 17, which appear on pages 828ff. of the daily *Hansard* for that date, and which I have pleasure in enclosing.

I shall ask my office to send you copies of the *Hansard* for the succeeding days of the debate so that you may follow the discussion in the House of Commons.

I agree that the phrase "affecting the rights and privileges of the provinces" is lacking in precision; this general language was used because we did not wish to attempt to determine in an arbitrary fashion the extent of the rights and privileges of the provinces, preferring to leave that for determination by the courts, in the event of any dispute, unless some agreement with respect to it is reached at the forthcoming conference.

As to your question whether this government "has any developments in mind which can properly be disclosed," I can only say that no consideration has yet been given by the government to any constitutional development or change which might be recommended to parliament under the new procedure contemplated by the address.

Yours sincerely,

Louis S. St. Laurent

Appendix

Office of the Prime Minister
Province of Quebec

Quebec, October 19, 1949

The Right Honourable Louis S. St. Laurent,
Prime Minister of Canada,
Ottawa, Ont.

Mr. Prime Minister:

I have brought today to the attention of my colleagues of the executive council of the province your letter of the 13th instant, dealing with the constitutional changes advocated by the dominion government.

You state in your letter:

"In your opinion this procedure and these precedents are unsound. To that opinion we can only reply that 'we respect your opinion without sharing it,' and that, as in the past, there is no obligation to ask for your consent or your acquiescence."

You also say:

"There is no doubt about our power to have this change of venue made without consulting the provincial authorities and without their acquiescence, 'except as regards matters coming within the classes of subjects by this act assigned exclusively to the legislatures of the provinces, or as regards rights or privileges by this or any other constitutional act granted or secured to the legislature or the government of a province, or to any class of persons with respect to schools or as regards the use of the English or the French language'."

You take special care to underline the words "our power."

You state further:

"We claim we also have the right to have this change of venue made, without the consent or acquiescence of the provincial authorities. We cannot therefore accede to your request to postpone all action until there has been an understanding with the provincial authorities."

Again you underline the words 'the right."

My colleagues and I have noted with surprise the particularly unfortunate tone you have given to your letter in connection with such a vital problem.

You state that you need neither the consent nor the acquiescence of the Quebec provincial government to make constitutional changes of paramount importance which deeply affect provincial rights, freedom and prerogatives, especially as regards the province of Quebec.

Let us tell you that we greatly regret such an attitude; that we are sincerely convinced that it is at variance with the spirit of the federative pact, and that it is not likely to facilitate the co-operation that is desirable and which we desire between the various governments of this country.

We feel constrained to reassert that the Canadian constitution is not the work of a moment, or the result of hasty decisions, any more than it is the achievement of any single political party or government. Our view is that all and every one of us can benefit from the example given us by the fathers of confederation who made it a point to make an exhaustive study of the project and to obtain, prior to any decision, the views and approval of the then existing administrations.

We believe that the vital and manifold problems involved in any amendment to the Canadian constitution are of such magnitude that they ought to be carefully examined and pondered before they are proposed and, still more, before they are agreed upon, especially in view of the fact that the amendments advocated by your government are the most important and momentous since confederation.

In our opinion it was only natural and legitimate that we should have asked you to postpone any legislation dealing with the federative pact, and to convene, as a first step, a meeting of the parties concerned so that all may examine in a spirit of co-operation the vital problems involved in any amendment to the British North America Act.

Once again, the Quebec government respectfully reasserts the stand and the statements contained in the two letters I wrote you in connection with this matter on September 21 last and on the 5th instant.

Yours sincerely,

Maurice Duplessis

Office of the Prime Minister
Canada

Ottawa, October 21, 1949

The Honourable Maurice Duplessis, M.L.A.,
Premier of Quebec,
Quebec, Que.

My dear Premier:

I have received your letter of October 19 with further reference to the subject of amending the constitution in Canada.

It seems to me that we have both made our positions very clear, and that it would not serve any useful purpose to continue our correspondence until such time as we are in a position to extend invitations to the provincial governments to confer with us on this subject.

Yours sincerely,

Louis S. St. Laurent

HOUSE OF COMMONS

Tuesday, October 25, 1949

The house met at three o'clock.

CHINA

REQUEST FOR STATEMENT OF GOVERNMENT POLICY

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. On October 14 I asked a question concerning a statement which had been made by Hon. T. C. Davis, our ambassador to China. The essence of the question was whether the government would make a statement early in the week as to Canadian policy with respect to China. On October 17 the Minister of National Defence (Mr. Claxton) answered and said that Mr. Davis would be in Ottawa shortly and that when the Secretary of State for External Affairs returned from Lake Success he would make a statement with regard to Canadian policy concerning China. Apparently Hon. T. C. Davis is now in Ottawa. Yesterday he made a further statement to the press, to the effect that communist China wants to do business with Canada. He also said something about Canada recognizing China.

Some hon. Members: Question.

Mr. Green: Will the minister make a statement today?

Hon. L. B. Pearson (Secretary of State for External Affairs): The hon. gentleman was good enough to give me notice of his question. It is true that Mr. Davis arrived in Ottawa yesterday morning. Since my own arrival from Lake Success, which was late the preceding evening, I have been able to see him only for a few minutes, because of my preoccupation with other matters arising out of Mr. Nehru's visit to Ottawa.

Mr. Davis of course has been on the spot in China as Canadian ambassador there, and is fully familiar with the situation in that country. I am sure hon. members will appreciate the fact that the government does not wish to make a formal and complete statement with respect to Canadian policy toward China before full consultation with Mr. Davis, and that has not yet taken place. I might, however, say at this time that Canadian policy with regard to the recognition of any government, in China or elsewhere, will naturally take into consideration the usual requirements of international law. These provide that before a government is granted recognition it must be shown to be independent of external control by any other state; it must exercise effective control over the territory which it claims, and that territory must be reasonably well defined. If and when these requirements are met, then I believe, Mr. Speaker, that consideration should be given to the recognition of a government in China or in any other part of the world.

The Canadian government is in close touch with other like-minded governments on all aspects of the present state of affairs in China, and careful consideration is being and will continue to be given to all the implications arising out of the situation there, which is so important to peace in that area and indeed throughout the world.

I hope that the hon. member who has asked the question will be satisfied with this provisional answer, and that in due course I shall be able to add to it.

TRANS-CANADA AIR LINES

VANCOUVER HEADQUARTERS—TRANSPACIFIC SERVICE—ALLOCATION OF PERSONNEL

On the orders of the day:

Mr. Angus MacInnis (Vancouver East): I should like to direct a question to the Minister of Trade and Commerce. Is the minister in a position to add anything to the short statement he made on Thursday last in regard to the transfer of Trans-Canada Air Lines shop work from Vancouver to Montreal? I am asking a question now because of the concern expressed in letters and telegrams received from Vancouver in the last few days.

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, since replying to a similar question a few days ago I have made inquiries, and I find that of the maintenance staff Vancouver pay roll, T.C.A. is releasing 144 men. Thirty-seven of these 144 have seniority rights, which will permit them to transfer to other stations if they care to do so. In the stores department six men are being laid off, of whom three have seniority rights. These notices have been given and are effective progressively from November 1 to November 15. The greater proportion of

those being laid off are quite junior in service, having been taken on within the past two years, since T.C.A. first began its program for a transpacific service.

The Canadian Pacific Air Lines have some 300 people on their staff at Vancouver, many of whom have been transferred on a seniority basis from other service points in Canada. However C.P.A. have taken a great number of new employees from the Vancouver area, and have made an informal arrangement with T.C.A. to give first preference to those laid off by T.C.A.

The situation is that T.C.A. had organized a transpacific headquarters at Vancouver. So far T.C.A. has been able to keep the men busy on major overhaul work, but now that that work is coming to an end it is necessary to cut the staff at that point down to the ordinary overhaul requirements of the air lines for domestic service.

Mr. MacInnis: May I ask a supplementary question? In letters which I have received it is stated that the cut in staff would mean that some planes would have to make the return trip of 6,000 miles, to and from Montreal, without being overhauled.

Mr. Howe: I cannot say as to that, since it is an internal operating matter. But I would point out that a very considerable maintenance staff is being left, consisting of some 150 men, and I assume that that staff will take care of the overhaul duties to be performed at the Vancouver end of the system.

I think we all have sufficient confidence in the safety of operations of Trans-Canada Air Lines to believe that the staff is not being cut down to a point where overhaul cannot be taken care of at the Vancouver end to the extent required.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Monday, October 24, 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. Rowe, and the amendment to the amendment of Mr. Thatcher.

Mr. Rodney Adamson (York West): Mr. Speaker, yesterday's ceremony in this chamber was most significant in many ways. It was significant particularly for the fact that a certain word was not used. The one word that was absent was the word "British". Yet it was the genius of British institutions and the British parliamentary system which made the ceremony possible. In fact it was essentially because of British ideals of freedom and self-determination that the meeting was possible at all. The very omission of the word "British" before "commonwealth" in the speech of the Prime Minister (Mr. St. Laurent) emphasized, more clearly than any words could have done, the essential quality of British freedom which made it possible for the leader of a sister commonwealth country, embracing a republican form of government, to speak to us in a free parliament; because we are both dedicated to the principle of freedom of the individual and the dignity of man. We believe that these are inherent foundations of the British parliamentary system. Perhaps this omission of the word "British" was one of the most significant aspects of yesterday's meeting.

With reference to the budget, I should like to deal first with the income tax allowance to the holders of preferred stock. The concession which has been made—a ten per cent allowance to holders of preferred stock—is in itself a very small thing, but it emphasizes a principle of the capitalist system under which we live. I wish to say a few words about the effectiveness and efficiency of that capitalist system.

I have taken as an example one of the most efficient, one of the largest and I believe one of the ablest companies operating in Canada today, and I have made a breakdown of what that company has done and what the capitalist system, through the operations of the company, has produced for Canada. I refer to the Steel Company of Canada. I have chosen this company for several reasons. First, its capital structure is simple; second, it is probably the leader of the steel industry in Canada—a basic industry—and, third, its management is aggressive and the operations are carried on profitably.

The share capital amounts to 460,000 common shares and 260,000 preferred shares of equal value and almost equal rights, making a total of 720,000 shares. I have worked out what each one of these shares has meant to the whole economy of Canada in the ten-year period from before the war to the present time. In that ten-year period each share has produced more than $250 in wages. It has been responsible for $86 in improvement to plant; it has paid $83 in taxes, and each share has been responsible for fifteen tons of base ingot steel.

For this the owner of the company—the shareholder—received in dividends $31 in that ten-year period. It will be seen that nearly three times as much was paid in taxes as was received by the shareholder, the capitalist, in dividends. Nearly three times as much went to the improvement of plant, and over eight

times as much went to labour in the form of direct wages. On top of this, the gross national product of the country was increased by every share to the extent of fifteen tons of ingot steel. It seems to me that that company is a pretty good servant of the country. It is going to take a lot of persuasion to convince me that any other form of enterprise can produce that much for $31. We are living in an era in which the capitalist system is abused frequently, is considered to be inefficient; but no government, no department of government, no group of civil servants, no other form of enterprise, could have performed such a service for the country for so little.

I should like to give one more illustration and show how the output of this one basic company has increased in the ten-year period. In 1939 the ingot output of the company amounted to ·708 net tons per share; in 1948 it was 1·894 net tons per share, an increase of 167·5 per cent. In 1939 wages and salaries per share amounted to $13.47; ten years later, in 1948, they amounted to $38.45, an increase of 192·9 per cent. Capital expenditures in 1939 amounted to $2.12 per share; in 1948 they amounted to $20.97 per share, an increase of 889 per cent. In 1939 total taxes per share amounted to $3.74; in 1948 they amounted to $10.74, an increase of 187·2 per cent. In 1939 the shareholders, the capitalists, received $3.03 per share by way of dividends; in 1948 they received $4 per share, an increase of only 32·7 per cent.

I mention these figures in order to show the efficiency of the system under which we live. We hear many diatribes against the capitalist system, but I defy anyone to point to any other system that can produce as much basic wealth, pay the same basic wages, and increase the national product of the country. I defy anyone to show me where anything else can be as efficient as a well-run capitalist company. So much for capitalism and its function as a servant to the country.

I come now to the question of our external trade, and I intend to quote from a report published yesterday by the Minister of Finance (Mr. Abbott) and the Minister of Trade and Commerce (Mr. Howe) under the provisions of the Emergency Exchange Conservation Act. Under schedule I there was a decrease of $117 million in the prohibited list from slightly over $200 million in 1947 to $83 million in 1948. On the quota list the decrease from 1947 to 1948 was from $220 million to $94 million, a decrease of $126 million.

Now to quote from the figures given under schedule III by the Minister of Trade and Commerce. The total imports for the United States in 1947 were $572 million, and in 1948 they were $515 million, a decrease of $57 million. There was therefore a total decrease for the scheduled countries of some $300 million; in other words, our apparent trade to the scheduled countries was decreased by artificial means by some $300 million. These figures are approximate, being to the nearest million. They are in the nature of projections, because we assumed that the purchases would have continued at the same rate as for 1947, but I do not think that is quite accurate. However, it is the only figure we can count on. As I say, for the scheduled countries, that is chiefly the United States, there has been a decrease in imports of some $300 million.

For the non-scheduled countries there has been a decrease under schedule I from $11 million to $7 million for the prohibited list, and an increase under schedule II, the quota list, from $84 million to $113 million. There has been an increase of $29 million in the allotted list from $26 million to $55 million. The total increase for non-scheduled countries amounts to some $44 million. I mention these figures because they show that by government action a definite direction of trade has been attempted. But despite the action that has been taken, our trade is still in great unbalance as between the non-scheduled and scheduled countries.

I should like to refer to what has happened as a result of Marshall aid to European countries. The Canadian economy is unbalanced because of our great per capita production and our necessity to sell off the North American continent. It is essential therefore for us to find non-North American media of exchange. I should like to quote some E.C.A. export figures. Canadian exports to all areas amounted to £332 million; United States exports amounted to £1,365 million. Canadian exports to sterling areas amounted to £245 million; United States exports amounted to £488 million. Canadian exports to the United Kingdom amounted to £172 million; United States exports to £160 million. We see from these figures that Canada's exports under the Marshall plan to the whole sterling area were more than one-third of the total, and Canada's exports to the United Kingdom were more than one-half of the total of Marshall aid. On top of that we have seen how greatly the government has attempted to alter the normal pattern of Canadian trade by restrictions, embargoes, prohibitions and other methods. Yet our trade remains definitely unbalanced, and is presenting increasingly serious problems to the government, affecting the whole economy of the country.

Since the devaluation of the pound by 30 per cent the London *Economist* has estimated that is will mean to the United Kingdom

only a three per cent rise in the total average cost in sterling of United Kingdom production. That is extremely encouraging from the point of view of the United Kingdom, but it is something which we must consider as having a serious effect on our economy. The danger is that we shall soon be selling less and less, and not that we shall be insufficiently paid for selling more and more. I want to quote a statement made several days ago in London by Right Hon. L. S. Amery. It is as follows:

> The only real and permanent remedy for the present world unbalance lies in creating a new balance by building up nation groups comparable to the United States, thus providing a market for an internally balanced expanding production. The natural way of doing so is by common currency arrangement, and by the flexible methods of tariff preference, and not by the clumsy restrictive devices of quantitative import restrictions and quantitative bilateral bargains. That is the solution clearly envisaged by the recent economic resolution of the Strasbourg assembly. It is even more the obvious policy for the British commonwealth.
>
> There are only two serious obstacles in the way. One is the attitude so far taken up by the United States administration and foolishly accepted by other nations, that all arrangements for mutual co-operation are "discrimination" and therefore anathema. The other is the very serious effect on Canada if she then finds herself excluded from all her natural markets and forced into the position of becoming a mere appendage of the American economy. That is a problem for Canada to decide. For her and for the United States, no less than for us, a solution of the world problem involves a fundamental change of outlook, but nothing less will meet the case, and, until it is achieved, no amount of conferences between statesmen will set the world right.

What does Mr. Amery's statement mean? I think the most significant words in it are those with reference to the Strasbourg assembly. There we have a group of European nations getting together. What is the first thing they do? What is the first problem on their agenda? To find a currency mutually acceptable to each other. Apparently they made great headway in that direction.

Our natural markets—and they must continue to be—are offshore markets, markets abroad, markets in Europe, and once the markets of the Orient. We see the Strasbourg assembly and the British commonwealth finding a method of mutual acceptance of currency, but we find ourselves still with our currency pegged to the United States dollar. There can be only one result. Progressively we are going to be shut out of market after market throughout the rest of the world. That is a very serious thing to contemplate. I realize the difficulty, but the government is taking no fundamental steps to sell to those countries which have been and still are our natural and historic markets. The United States has been a great market for many of our products, certainly the greatest market for products such as wood pulp and many of our base metals. At the present time we do a far greater business with the United States than with all the rest of the world put together. Nevertheless, Mr. Speaker, the United States is essentially a competitive economy with ours. While they have a deficit economy we can sell to them, but just as soon as that deficit position fills up, just as soon as we find ourselves really competing with their industries, mines and farms, that market will disappear.

There are many devices which the United States has used in the past, and we have suffered from them heretofore. As the millennium does not appear to have arrived, it is altogether likely that she will use them in the future against Canadian products just as soon as they are a serious competitor in the United States market.

We in this party have suggested before now a universal currency. We have suggested convertibility. I have suggested a free gold market, some method whereby our currency can be used by the rest of the world—not just the sterling bloc but the whole of the world. The government apparently are frightened because of the effect of the impact of the world economy if we set our currency free. They have so stated in an apparently inspired article which appeared recently in the *Financial Post*, headed: "Why government didn't allow dollar to find own level".

I will not read the article but it expressed the fear of the effect on our dollar by speculators and others who would trade in exchange and cause wide fluctuations in the quotations of Canadian dollars in terms of United States exchange and thus upset legitimate trade between the two countries. I would point out that with a powerful central bank and the great number of extremely capable foreign exchange operators in the chartered banks, I should not be very much afraid of serious arbitrary fluctuations of our currency in the United States. We control the issuance of our own currency. That was the fear expressed in this article in the *Financial Post*.

The basic evil of exchange control does something else, I think; it restricts and inhibits the investment of United States funds in Canada. It is not that the restrictions themselves are particularly onerous; it is the fact that restrictions are there at all that does so much harm to the free investment of United States funds in this country. One way to correct our unbalance of trade with the United States would be to encourage the investment of United States funds here; yet because of these restrictions that investment is inhibited—despite what is probably the greatest boom in oil the continent of North America has ever seen, which is being largely financed by United States capital. I admit

that this has brought to Canada a tremendous amount of United States capital which is very valuable; but in spite of this there is still some hesitancy in regard to such investments. The other day I was speaking to a lawyer, a citizen of the United States, who has an estate in Canada. He was doing everything possible to persuade the beneficiaries to maintain that investment here rather than liquidate it and move it out. Their argument was simply that while the restrictions in themselves were not particularly onerous, there were still restrictions on the free movement of capital. This they would not abide.

Now we come to the essential move which had been forecast for months, the acceptance of the specious argument of devaluation. Following the devaluation of the pound, and in fact the general devaluation of all currencies, we were forced to take similar action; but devaluation is not the answer. We still have a hard currency, even though it is worth only 90 cents. It is still a hard currency, and if you have none of it you are not going to buy even 90 cents' worth of our goods. It is of no use for a restaurant to decrease the price of a meal from $1 to 90 cents if you do not have even the 90 cents. This is another problem which arises from the continuous shackling of our currency to the United States dollar.

One of the recent names for inflation is devaluation. It is a word which conjures up, both in the mind of the seller and in the mind of the buyer, a sort of trick solution which is likely to bring something for nothing in international trade. The policy of devaluation is no answer to an unbalance of trade. Threatened by an external drain of real assets and gold, the monetary authorities do not resort to credit restriction and an increase in the interest rate. They devalue. Devaluation does not solve the problem. If a government is oblivious to the rise in the foreign exchange rate expressed in a free market, it can continue the policy of credit expansion for a considerable time, and even devalue its currency repeatedly; but the nemesis of the crack-up ending of the boom, if the credit expansion is carried to the extreme, will destroy its monetary system. Today credit expansion is an exclusive prerogative of government. Credit expansion, which is inflation in its purest form, is so popular that to speak against it is tantamount to committing political suicide.

The other day the minister took great pride in the reduction of the funded debt. That is a very good thing, and I think it should have been reduced a good deal more. But if we are faced with a major contraction of our north-south trade and at the same time lose our historic and natural markets abroad, we are going to find ourselves faced not only with currency expansion and inflation, but also with a trade unbalance the like of which no country has yet experienced. Our apparent prosperity and the extremely high level of our trade since the war form one of the great dangers we see ahead. We, and I particularly, have suggested over and over again that the problem of convertibility should be solved; that we should establish a common denominator, which has always been gold, to make our currency convertible. Many times in this house I have suggested a free market for gold in Canada, and I still believe that is one method we should have adopted.

I had hoped that a more realistic solution would be found when the so-called dollar talks were held in Washington. No matter how you devalue, no matter what you say your currency is worth, it will not be worth what you say it is until somebody else will freely buy it in the open market. That applies to all goods and services in world trade. The hatred of gold has inspired the superstition that omnipotent governments can create wealth out of little scraps of paper. The struggle against gold by all socialist and neo-socialist governments is a part of the great process of destruction which is the overriding symptom of the trend of our time. Autocratic controllers in the national treasuries fight the gold standard because they want to substitute autarchy for free trade, and, in extreme cases, war for peace and omnipotent government for liberty. This is the overriding principle which has driven governments ever since the end of hostilities.

We are in a position of apparent prosperity. Through the Marshall plan, we are the major sellers to the countries of Europe. These are in reality not true sales, however, but are partly gifts resulting from the generosity and foresightedness of the Marshall plan administrators. Eventually those sales will stop. The other day someone said that Europe could be self-sufficient in wheat within three years. This statement was made by an international authority on wheat. If that is so, our major export through the Marshall plan, namely wheat, will cease. If we can find no medium of exchange which will enable us to sell our wheat to the hungry countries in the world outside the North American continent, fifty per cent of our Marshall plan exports will cease, and we shall be left with an immediate unbalance of trade even before the end of ECA. There will then be no generous plan to help us out of our difficulties, and our historic natural markets will be gone. In the words of Right Hon. Mr. Amery, we shall be merely an appendage of the United States. That is the position I foresee in the comparatively near future, Mr. Speaker. I believe

that difficulty can be solved only by finding some medium of exchange which will enable us to sell our goods to the rest of the world.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, were it not for the high degree of esteem in which I hold the hon. member (Mr. Adamson) who has just taken his seat, I would be tempted to make some caustic remarks concerning the general tenor of his statement. I believe it would be a good thing for the hon. member, however, to consider three questions. First of all: If there had been no gold created in the world, does he suppose mankind would have been able to live on the earth, or would the people have had to die because the Creator forgot gold? If all the gold in the world today were to be accumulated in Fort Knox, where a good share of it is already, I wonder if the hon. gentleman thinks the rest of the nations would have to give up and die because they could not get any of that gold. If, owing to some unusual or unexpected mishap while men were tinkering with atomic bombs, they were to discover some concoction the emanations from which were to decompose all the gold in the world, should we all die because there was no gold? The hon. gentleman, however, concluded his remarks on a more hopeful note, in that he implied it might be possible to discover some other medium of exchange.

Now, Mr. Speaker, I happen to attack the problem from the other point of view. I do not believe we need gold at all in this world. I believe the thing that counts is the resources of the world and man's ability to convert those resources into goods and services useful to man. If we could approach this monetary question from that realistic angle, what a difference it would make! We now live in an age in which man, with the wonderful technological skills and machines at his disposal, can produce more goods than all the people in the world could possibly use if they could all obtain everything they wanted. If some means could be discovered, upon which we all agreed, whereby we could distribute those goods to the people who need them, we would be on our way to a veritable garden of Eden in which all men could enjoy the good things of the world as the Creator unquestionably intended they should.

So much having been said with respect to the hon. gentleman's remarks, I will pass on to something more hopeful. I do believe there is a way out of our difficulty without destroying our freedom, without setting up dictatorships or bureaucratic controls which result in the destruction of goods and threats to punish men because they produce too much. I have been told that in the United States they are actually contemplating a measure under which a man who produces extra wheat next year, and is caught feeding it to chickens, will be punished. This indicates an anxiety on their part to see to it that no more is produced than under the present financial system can be consumed. I believe that is just as silly, just as useless, as it was to shoot cattle and drop them into the Mississippi river, or pile up surplus oranges and burn them, as was done at the beginning of the last depression. Evidently in the United States of America the same kind of mentality prevails today as that which plunged that great nation into the depression and dragged the rest of the world with it, where it remained until finally a war was necessary to rescue the world from the depression. Surely the time has come when someone with a little influence and prestige will say something that will light the way out of these difficulties.

I shall say something about this in the course of my remarks. It is not going to be as hopeless as the words of the hon. gentleman seemed to indicate. I do hope there is somebody in the Conservative party who is capable of learning that goods and not gold constitute the determining factor as regards money.

Everyone is worrying about a shortage of United States dollars. Britain needs Canadian dollars too. There is a shortage of hard currencies. Now, why is that? I shall not attempt to answer the question, because I have other matters to consider. It is astonishing, Mr. Speaker, that dollars can be short while goods are plentiful; for dollars are only tickets or claims to goods. Unless there are dollars to claim the goods, then certainly the goods appear worthless. Surely, if that is so, where goods are, dollars can be.

Reports are now circulating concerning surpluses in the United States which are embarrassing the authorities. They do not know what to do about these surpluses. There are reports of gathering surpluses in Canada which are going to confound the scarcity-minded people. At the same time, there are reported shortages in the have-not countries and the less developed countries. The fact that only yesterday the Prime Minister of India was in Canada recalls that medical investigations reveal that about ninety per cent of all the Indian people today are undernourished; that the average income of the wage earner in India is $26 a year. Famine stares them in the face on every hand, while in the United States and in Canada we are meditating on how to limit the production that we are to bring into being in the next year. Canada, fortunately, has not gone as

far as the United States has, and never did become quite as foolish even in the last depression. I hope they never do.

It is reported in the *Christian Science Monitor* of September 21, 1949, that the FAO experts are contemplating the creation of a $5 billion fund to buy the surpluses of the world and render them available for purchase by the have-not nations with their own currency. This is a hopeful suggestion. The only thing that I think hon. members are asking with considerable anxiety is this: How far do we have to go in increasing our taxes or our debt in order to be able to supply the money which will be necessary to create a fund sufficiently large to buy the surpluses we are lucky enough to produce when we really turn ourselves loose in the matter of production. If the nation has to be penalized by being taxed for enough money to buy the goods that have been declared surpluses, then hope has departed from the world.

I should like to say a word or two that will guide us to some hope. In the parliamentary library there is a book with the title "Economic Tribulation", published in 1941, by Vincent C. Vickers. I fancy the name will commend the book to all. hon. members, whether they have just come to the house or whether they have been here before. From one of the chapters of this book, entitled "Democracy or Financial Dictatorship?", may I quote two excerpts? From page 59 of the book I quote as follows:

> Unless we can contrive and design and establish an improved and reformed financial system, which is the first essential towards a new and better economy in our own country, no satisfactory outcome of the war is possible; for where there is still widespread injustice and discontent there can be no ending to that war, unless it be a tangle of internal revolts and revolutions.

Therefore this man concentrates his attention on the financial system. Do we agree with him, or do we refuse to give any credit to this man? May I quote another passage from the same chapter, this time from page 65:

> Strenuous efforts have been made over some twenty-five years to patch up the money system in an attempt to make it last a little longer; but it has stood, and now stands, in the way of progress and social betterment, thereby creating universal unrest and a tendency to obtain by force what cannot be obtained otherwise. For the sake of our children let us take warning in time. Let us discard the policy of inaction and pretence and boldly face the fact that it is not the inevitable smoke of the galley-stove which assails our nostrils, but that a fire is raging in the hold and that the ship of state is in imminent danger. Our democratic system and our existing financial system can no longer live together. One of them must give way to the other.

May I now quote two short extracts from his recommendations? What does he think needs to be done to change our present financial system into that which would be better suited to this age of plenty in which God has placed us? From page 75 of his book I read two of several recommendations. These two are:

> 1. Any additional supply of money should be issued as a clear asset to the state, so that money will be spent into existence, and not lent into existence.

When we reflect that there is not a dollar that goes into circulation in Canada that is not borrowed from somebody—in other words, every dollar of our money is lent into circulation, and not one dollar of it is originally spent into circulation by the government—we find that there is some cause for careful study of our own financial system, if this man knows what he is talking about. I read the next recommendation:

> 2. The abolition of the debt system, where all credit is created by the banks and hired out at interest to the country.

You would think that he had his eye particularly on Canada, would you not? All he did was cast his eye on every country which is operating on the present debt-creating financial system which our government and our people seem to be absolutely enamoured of.

Who was this Vincent Cartwright Vickers that we should give any attention to his idea? From a note in the forepart of the book by Wilma Cawdor, his daughter, we learn that he was born on January 16, 1879, and educated at Eton and Oxford. He was deputy lieutenant of the city of London, director of Vickers Limited for twenty-two years, director of London Assurance. He resigned in January, 1939. He was made a governor of the bank of England in 1910 and resigned in 1919. He later became president of the Economic Reform Club and Institute. He is just about as experienced a man as our Graham Towers, on whose every word we all seem to hang with breathless adoration.

What does he say about himself? In his foreword which he wrote in the last months of his life in 1939 he said:

> I who write this need no proof of the importance of the money system to the very lives of the people and even to the future existence of the British race, so long as that system fills the position which it now holds in our national economy.

Again:

> I therefore decided to take the unprecedented course of offering to my readers my own qualifications for putting down before the British people the very precarious condition of our monetary system as it exists in this country today; that this our money system forms the most important part of our economic system, and that the nation's economic system forms part of our social system.

And again:

> Ever since that day in 1926, when, not in arrogance but with humility, I felt it my duty to explain to the governor of the Bank of England, Mr. Montagu

Norman, that "henceforth I was going to fight him and the gold standard and the Bank of England policy until I died"—(and well I remember the words of his reply!)—I have been an ardent money reformer. Some few years afterwards I resigned my long directorship of Vickers, Limited; since when I have spent much time and money in advocating the necessity for a reform of the monetary system.

And again:

I bear no ill feeling against my own class or any other class. I seek neither notoriety nor kudos. If someone can change my convictions I shall be only too ready to alter them. But in fifteen years nothing whatever has occurred to make me alter my views. I still believe that the existing sytem is actively harmful to the state, creates poverty and unemployment, and is the root cause of war.

And again:

This personal confession is merely to demonstrate that I have seen both sides of the picture. My opinions are based upon my own experience and knowledge. I am today in the unique position of being absolutely and entirely devoid of animosity and wholly disinterested. I feel myself no longer under any restrictions whatsoever, except to guard against doing harm to my country or giving offence to anyone.

These sound like good qualifications; one would feel prompted to listen to a man like that, would he not? Here is one man, eminently qualified, who frankly advocates government-created debt-free money to be spent into circulation, and not lent as is our money under our present financial system.

May I turn now to another man. This time I select Right Hon. Reginald McKenna, long-time chairman of the Midland bank in England. Reginald McKenna was one of the fourteen members of a committee on finance and industry appointed on November 5, 1929, by the British government as the Macmillan committee to inquire into banking, finance and credit. I should think that would be sufficient qualification at least to entitle him to some attention on our part—and probably to a little thinking about what he had to say. He, along with others, inquired into banking, finance and credit, and prepared the Macmillan report on finance and industry.

In January, 1936, in his annual report to the shareholders of his bank, he made a statement which is of great importance to all men of our race. His report is printed in the London *Times* of January 30—it is available in our parliamentary library to anyone who wishes to read it. May I read a passage from that report:

Additional currency, however, can now be furnished by the authorities, if they choose to exercise their powers without reference to the central bank's holding of gold. Thus the nineteenth century, which brought into general use a means of payment hitherto scarcely known outside London, brought also the machinery whereby it could be subjected to intelligent control.

We learned that a shortage of money may be just as vicious in its effects as an excess, though deflation has still a touch of virtue about it in the minds of many people. Nevertheless it is becoming more and more widely recognized that greater productivity calls for an increased supply of money, for otherwise prices will fall, business will stagnate, and the growing productive capacity will be unused.

For money to be truly "sound" there must be enough of it to finance an ordinarily growing volume of trade, yet not so much as to give rise to an inflationary movement of prices.

One would think that man was a Social Crediter, would he not? I suppose the Progressive Conservatives would eject him from their party if he made a remark like that. I am almost sure the Liberals would stop him from talking from the floor of the house. And if he did not, they would see that he did not receive any further nominations in his constituency.

Mr. Knowles: He would get an independent nomination—and win, as happened yesterday.

Mr. Brooks: Not bad.

Mr. Blackmore: Nevertheless if these Liberals and Conservatives are to be worthy of the responsibilities resting upon them in these trying times, they will have to give attention to the serious matters in this excerpt which I have quoted from Right Hon. Reginald McKenna.

Has state-created debt-free money ever been used successfully? Yes. Canada created $26 million in debt-free money during world war I. She spent the money into circulation to defray part of the cost of that war. We have never paid a five-cent piece in interest on that money; we do not owe five cents' worth of debt on it. Yet that money played just as important a part in the conduct of world war I as did any dollar gathered and spent by the dominion government. And it had no greater effect in producing inflation than had any other dollar thus gathered and spent.

There are people who will say that that $26 million helped cause inflation. What caused the astonishing inflation after this war, then? All the money used in this war was borrowed and gathered through taxation. Why the appalling prices from which we now are suffering?

Abraham Lincoln used what were known as greenbacks and with them he won the civil war in the United States.

Great Britain at the time of world war I resorted to treasury notes called Bradburys, and issued them to a value of £354 million. There was nothing behind those Bradburys more than certain securities. But they supported Britain's effort in the war, and with them she won the war.

Dr. William A. Shaw, secretary of His Majesty's treasury, and one of the best informed men in matters of finance, has told us that if Britain had been wise enough to

continue using Bradburys from 1925 on, instead of going back to the gold standard, she would have won the peace too.

So there is such a thing as debt-free money. It has been used successfully. Yet there may be some room for uncertainty concerning each of these three; there may be room for argument. There is, however, a high degree of scientific certainty concerning the Guernsey island market house experiment. In 1815 the Guernsey islanders wanted to build a market house, but they found they were too far in debt to make it safe to borrow, and too severely taxed to make it safe to raise taxes. They decided finally to create 3,000 one-pound notes required for the building of the market house. This they did.

The whole story of this remarkable experiment is to be found in a volume available on the shelves of the parliamentary library, a book entitled "An Example of Communal Currency", by J. Theodore Harris, published in 1911. It is good reading; I commend it to Liberals, and particularly to Conservatives. I would make a special recommendation of it to the hon. gentleman who has just taken his seat. I should like to read certain excerpts from the preface on page eight which was written by a good socialist, if I recall, Sidney Webb. Probably all our C.C.F. friends will have some confidence in what he says. I quote as follows:

> Now Mr. J. Theodore Harris—having, I suspect, a warmer feeling for the incident than he has allowed to appear in these scientific pages—has done what perhaps I or some other economic student of the eighties or nineties ought to have done, namely, gone to Guernsey to dig up, out of the official records, the incident as it actually occurred. What is interesting is that he has found that the myth of the veteran Owenite or Chartist is, in all essentials, confirmed by the documents. The story is true. The Guernsey market house was built without a loan and without the payment of interest.

I am tempted to suggest to the hon. member for Vegreville (Mr. Decore) that he read that with meticulous care. If he reads it ten times, probably about the eleventh time the facts may begin to dawn on him. He is quite sincere; I think he will realize the significance of that statement. He is a young man who comes in here so cocksure that no one understands Social Credit; but I think he will find he has made himself exceedingly silly. I am sure this book will help him. I am sorry he is not in the chamber; I should like to see him try to answer that.

An hon. Member: He can read it in *Hansard*.

Mr. Blackmore: He can read it in *Hansard* and if he feels disposed he can get up some time and give a little talk when I am in a position to deal with him. I read again from the first words of the preface by Sidney Webb as follows:

> Those who during the past thirty or forty years have frequented working men's clubs or other centres of discussion in which, here and there, an Owenite survivor or a Chartist veteran was to be found, will often have heard of the Guernsey market house. Here, it would be explained, was a building provided by the Guernsey community for its own uses, without borrowing, without any toll of interest, and, indeed, without cost.

There has been considerable discussion about the Guernsey island experiment. A young man like the hon. member for Vegreville might be tempted when out on the hustings to give his own version of it which might not be as accurate as if he had studied this book ten times. I am going to quote now therefore from Sir Norman Angell, who is a recognized monetary writer. In his book, "The Story of Money", published in 1929 we find an account of the Guernsey island market house experiment which I think those who read this account in *Hansard* will feel safe in trusting. I quote from page 266 as follows:

> The story of the Guernsey market house has figured in many a currency debate, and has so often been taken as showing that it is open to a community to escape the burden of interest and the usual inconveniences of loans, that the history of what took place is worth noting. The records show that the meat market, of the island of Guernsey, still standing, was built without any loan at all merely by the issue of pound notes, created for the purpose and which were gradually paid off as the rents came in. The Guernsey States in effect said:
>
> "We propose to build a market house. We will issue one pound notes with which we will buy material and pay the workers. Those who use the house must pay rent or charges on these notes. As they come in they will be destroyed. Ultimately they will all be destroyed and the island will have the house."

And further from the same page:

> The island of Guernsey has its own parliament, "The States" (les Etats). On the 12th of April, 1815, it appointed a committee to consider a scheme for enlarging the market. That committee recommended the issue of state notes, first to the amount of £3,000 "Thus," as the report to the committee reads, "at the end of ten years, all the notes would be cancelled and the States would be in possession of an income of £150 per annum, which would be a return to the £3,000 spent by them. Looked at from all sides, the scheme shows nothing but the greatest advantage for the public and for the States."

I quote from page 270 as follows:

> Mr. Webb's explanation, though entirely correct, might tend to obscure the facts which most concern us in this connection. It is not a question whether paper money devices will enable people to get things for nothing, but whether this method of credit expansion, even sometimes at the cost of raising the price level, may not be the best way of paying for them and whether paper money, anchored to general wealth, an index figure, is not a more just, more manageable and more efficient money, when wisely used, than one anchored

to one commodity like gold. Guernsey's method had obvious advantages, and speaking broadly, achieved its objects and was successful.

I wish to comment on that passage. Sir Norman Angell seems to assume that a price rise occurred in Guernsey island as a result, but I challenge that assumption. I say that there is no evidence whatsoever in "An Example of Communal Currency" or in any report of the meetings of the finance committee that there was any rise in price. I quote further from page 271 as follows:

Why did Guernsey succeed where Rhode Island failed?

Briefly, because the Guernsey notes (to take those issued in connection with the market house) were very limited in amount, issued with reference to revenue-bearing property shortly to become fruitful, "goods moving into consumption." Each note stood for consumable goods, which, if not actually in being, were coming into being; and the issues were limited to the value of those goods (the goods, in the particular issue under consideration being the market house).

I wish to point out that Sir Norman has erred just slightly there. In another book of his called "Your Money", written seven years later, he gets just a little nearer to the recognition of the full truth about the real backing of money. It was not the market house which gave value to the money, it was the goods and services which were surplus in Guernsey island for which the people could spend money, when they got money for building the market house, without causing a rise in price. It was the resources of Guernsey island standing behind those goods, and the capacity to produce more goods, to absorb money as fast as the money came into circulation, that provided the backing. As long as there is a surplus of goods and services in the country not being bought by the money at present in circulation in that country, new money can be issued debt-free and wisely spent into circulation without any danger whatsoever of a rise in price.

That is the absolute truth concerning the real backing of money; it is far removed from the gold backing idea.

How much money can be created and used by the state? Enough money can be created and used, spent wisely into circulation, to enable people to buy the surplus goods on the market. If this is done and no more money is issued than enough to enable people to buy the goods, if that money is put into the hands of people who will buy, and is used to consume goods, then there will be no adverse results from the creation and issue of debt-free money.

Debt-free money can be used to distribute goods internationally. For example, we are now worrying about where we shall get the money to put into this huge $5 billion fund. Provided we have a large enough surplus of goods in Canada we can create enough debt-free money to put into that fund, and when spent it would buy Canadian goods that were surplus on the Canadian market. It would do no more harm than the money which is ordinarily spent in Canada to buy goods, let us say wheat, by a nation like France, or even the United States. If this device is used by an increasingly large number of states, then the financing of the international distribution of goods by the surplus-producing countries can be managed without debt and without taxation.

Similarly debt-free money can be used to distribute goods internally without additional taxation or debt, and without loss of freedom. I recommend to the Minister of Finance (Mr. Abbott), and to the earnest men behind him in the house, that they should set to work immediately to discover the uses of debt-free money so that when the Minister of Finance next goes to an international or an Anglo-Saxon parley at New York or London, or wherever the meeting may be held, he will be able to offer a suggestion that may have some possible chance of being of real assistance to men in these trying times.

As a means of dealing with the economic tribulation in which we find ourselves, I recommend the principles of Social Credit.

Mr. J. M. Dechene (Athabaska): Mr. Speaker, in rising today to ask you for the privilege of the floor, I do so not because I have a momentous message to bring to the members of the house nor because I have any remedy to offer as a quick solution of the great problems which this parliament, in common with other parliaments throughout the world, is called upon to face at the present time. I rise because I feel I have a duty to perform and an obligation to fulfil to the people who have again honoured me by re-electing me a few weeks ago after many decades in the public life of Canada. If I may be allowed to speak of myself for a moment, I was re-elected by the largest majority ever given to any candidate chosen to serve the great constituency of Athabaska.

If, in the course of the remarks I desire to address to the government and the members of the house, I sometimes speak of localities which may be strange to some of the new members of the house, if I speak of regions which they do not know, I wish to assure them that I do not do so because of any desire to speak about local and parochial issues, but because what I wish to submit to the government and to the House of Commons today concerns a great part of the northern sections of the provinces of western Canada, the northern parts of Saskatchewan, Alberta and British Columbia. I shall mention names which may seem strange and unknown to you,

but may I remind those of you who come from the provinces by the sea of the tremendous size of the western provinces and the great distances they cover. May I remind hon. members, for instance, that the constituency which I am representing for a third time is larger than the province of Nova Scotia, and that within its boundaries are to be found resources that would enable the Minister of Finance (Mr. Abbott) to meet all the obligations of Canada if we proceed to develop them as they ought to be developed.

The other day the hon. member for Lake Centre (Mr. Diefenbaker) warned the new members of the house of the feeling of frustration they may experience when they first come here, and the feeling that their time seems to be wasted. Let me remind them of the advice I gave to some of the young members of the Liberal party some years ago. I told them that changes in a country are not made just by talking about them. They do not take place from day to day. For instance, we are now discussing the matter of bringing our constitution up to date. Changes are brought about by discussion, debate, serious talk, and by seeding thoughts in the fertile soil of the intelligent minds of the Canadian people. Some day they bear fruit.

I have known young men to tell me how discouraged they felt at times, but ten years later they found, if they remained true to their ideals and carried on preaching in the desert, that what they had hoped for had come to pass. Personally I have reached the age of three score and ten and a little over, and I sometimes have a feeling of frustration. That is why I am on my feet today. I sometimes feel I have not done much to reward the loyalty which I have received from the pioneering population of northern Alberta. I sometimes feel I have not done enough, and I ask myself what more I could have done in order to serve them as they deserve to be served. I only have my voice left to tell you of their plight, their desires, their ambitions and their ideals. I hope hon. members of the house will bear with me for a few minutes today while I do that.

I have no written speech. It is in my heart. I hope to speak from my heart on behalf of the people I love and whom I wish to help. During the last election campaign my opponents said that Joe Dechene was too old. I gave the people a pledge that in the waning years of my life, in the evening of a life which I have devoted to them for over four decades, I would give them the best that was left in me, and they thought it was still better than was offered by much younger men who attempted to wrest the seat from me.

I speak on behalf of the people of my constituency this afternoon when I place before the House of Commons their plight in so far as railway communication is concerned, something we must have in western Canada. I refer to the through line north of the Saskatchewan river serving the constituency that I represent as well as those to the west and to the east of Athabaska. I am not suggesting the initiation of a new plan of construction. I am not asking the house or the government to undertake a new program of railway construction. I am only asking parliament, the government and the executive of the Canadian National Railways to fulfil their solemn pledge and to carry out their word of honour to the people I represent in this house.

This is nothing new, sir. Time is passing very quickly, but I should like to give the history of this matter. It began in 1909—and I was already active in politics then—when the government of Alberta had to meet the demands of the pioneer population which had spread throughout the northern part of the province, and decided to undertake a program of railroad construction by guaranteeing the bonds of the railway companies up to $13,000 or $15,000 per mile according to the type of ground they had to cover and the cost of construction. The lines whose completion I am now advocating were originated at that time, forty years ago, so I think we have been fairly patient. Gradually the construction proceeded, fifty miles, one hundred miles or one hundred and fifty miles. Later, when the Canadian Northern became part of the Canadian National Railways under a broad-minded man of vision as minister, who I think is still alive—I refer to Hon. Charles Dunning—and another man of vision as president, a great program of expansion was undertaken on the western prairies in order to serve those settlements which had been created. Hon. members will remember the bills which were introduced in this house providing for the construction of fifty miles of line here and fifty miles of line there.

When those bills were adopted and the money was voted by parliament, settlers poured into the newer portions of the country which were to be served by these branch lines. That became particularly true when drought struck the southern portions of Saskatchewan and Alberta and these people had to move out. I wish I had time to describe the plight of those settlers moving by the thousands across the prairies, coming to the north where they could hope for rain, in order to start anew. I know of men who left homes worth $10,000 and more, who had the finest equipment ruined by year after year of drought, and who moved to the north. I remember

how the horses were played out because they had no feed left on the farms; but they moved slowly north, bringing with them a cow or two and the remnants of their furniture, seeking a new home in the north. And of course they went to the districts which were to be served by the proposed lines, which were not merely talked about but which had been arranged and contracted for.

Hon. members may ask why these people went to those districts. They went because the word of Canada and of the Canadian National Railways was behind the development of that country where they were trying to start again. I remember the women, whom I described in this house on a previous occasion. I saw whole caravans pass by my home in Bonnyville. One of these new lines served that town, and that was why I went there: to help in the development of a new region by those pioneer elements which after all are the lifeblood and backbone of this great country. I can remember those men leaning over in their seats, tired and discouraged; but the women sat looking ahead, as the women of Canada have always done, as they did during the first great war and the last war. They still had faith that they could conquer a new world and make another home for the children God had given them.

Then we had the Tory government. Unfortunately I have to come to this, though I do not like it. That was a government of cowardice, lack of vision and fear, which in 1931 stopped this work. That government left the settlers fifty, sixty, seventy-five miles from the nearest railroad. When I was in business in my town I remember cashing relief cheques every day not by dozens but by hundreds. People had to be provided with food and clothing because they could not raise anything and could not earn anything, and they were given relief instead of being put to work building those lines. I am sorry to be beating my desk; I am probably imitating an hon. member across the way, but I feel so strongly about these matters. The Tory government of 1930-1935—and I hope it may be the last Tory government this country will ever have to pay for—went so far as to pay the Tomlinson Construction Company, which had the contract for grading the line from my own town of Bonnyville around to St. Walburg in Saskatchewan, an amount of money to cancel the contract and stop the work, while people were starving all along that line through lack of work.

With all these drawbacks, with the work being stopped, and since most of these settlers had nothing left, you would hardly expect them to get by. But, Mr. Speaker, they have succeeded in developing that country. It is now prosperous, except for the fact that these settlers have no communication with outside markets. They have to carry their goods by truck or wagon for many miles; but along that one line of rail from Edmonton east to the towns of St. Paul and Heinsburg, on into Saskatchewan, to Battleford, Turtleford and St. Walburg, you can see farms with fine buildings. The men and women who went through Bonnyville years ago tired and discouraged now hold their heads high and have homes again. But they are saying to the people of Canada, "We came here on the strength of the word of the Canadian National Railways, an institution controlled by and belonging to the people of Canada. Now that the war has been over for five years we are asking you to come through and build these lines, and give us the access we must have to both east and west."

My time is passing quickly, and I am afraid I may not say all I want to say, though I am speaking as quickly as I can. I might read a resolution which appears in the official journals of the legislature of Alberta for 1932. In that year a by-election was held in the riding of Athabaska, during which a young Conservative, one of the ablest men in that north country—he is still alive—carried that seat because a majority of the people thought that after having elected a Liberal in the election of 1930, by electing a supporter of the government we might have that work continued, after Mr. Bennett and his ministers had ordered it stopped. But that young man came back in 1935 discouraged, and he never ran again. I was a member of the Alberta legislature at that time, as I had been for some years previously, and in March of that year I moved a resolution, which was carried unanimously, asking the government and the Canadian National Railways to fulfil their promises to the people of that northern country. Well, we wasted our time.

Then the war broke out. Of course we knew nothing could be done during the war; but those hon. members who have done me the honour of listening to me or who have read *Votes and Proceedings* and the *Orders of the Day* will have noticed that each year during and since the war, in order to keep the matter to the fore, I have placed similar resolutions before this house. I believe the time has come to fulfil that promise to the people. From 1909 to 1949 should be long enough to wait. During this time towns have grown prosperous. I could name you many in the constituency of my friend the hon. member for Vegreville (Mr. Decore). There are Smoky Lake, Vilna, Spedden and St. Paul, Elk Point, and others in my own constituency which have developed into centres of population, although they were sixty-five miles away

from the nearest railroad. Try to duplicate that anywhere in Canada. These towns have developed with all the facilities, churches, schools, and everything. The railroad was sixty-five miles away or more and goods had to be shipped by team or light truck to Bonnyville, my home town.

At a place called Abilene, the railway divides and one branch goes southeast to Heinsburg and the other branch goes up to Beaver River. At these points the Tory government stopped construction. I have never seen anything more desperate. Talk about frustration! I have heard the hon. member for Lake Centre (Mr. Diefenbaker) talk about frustration and I remember his eloquence when he pointed the finger of scorn at the treasury benches. I am reminded of the trestle over the Beaver river which cost nearly one million. It crosses the valley on cement piers over the water and only a small span of steel is needed. What a saving there would be for those farmers who are hauling their stuff to market if this bridge were completed. I say to the administration and to the new manager of the Canadian National Railways that we should go back to the days of Sir Henry Thornton, the days of construction. The time has arrived to complete this railway link, and I challenge any railway authority in Ottawa to say otherwise.

I have spoken with many railway officials. A short time ago I was speaking with a railway official in Edmonton who told me the line would not cost us two cents because of the business that will originate along that line. There will be traffic for Battleford, Saskatoon, Winnipeg, and even for the Hudson Bay Railway up to Churchill. Only a few miles along that line one finds the new oil field of Redwater. We have heard arguments about keeping all this oil in the west. Imagine! This field will produce about 750 million barrels of oil as prospecting indicates and a short distance away from it there are the vast resources of Leduc. Transportation is needed to develop these vast resources.

Twenty miles beyond St. Paul, and about fifteen miles west of the present Canadian National railway lines terminating at Heinsburg, a salt mine has been discovered. It has been developed and a great factory has been built. This mine is now serving the needs of the prairies without the necessity of importing salt from eastern Canada.

I am going to tell you something. The Canadian Pacific runs through that country between the main line of the Canadian National Railways and the Saskatchewan river. The line, which was built some years ago, runs from Lloydminster into Edmonton. It is taking about two-thirds of the traffic from the Canadian National Railways. The Canadian Pacific did very well to obtain this line; they must have good lawyers. Their railway line is only a few miles from the salt factory of which I spoke a moment ago. In spite of the necessity of hauling goods up and down the hills of Saskatchewan, many farmers are transporting their wheat, cattle and hogs south to the Canadian Pacific. In this way they receive a cent or two more. A highway is now being built from the town of Vermilion to Elk Point in Athabaska and unless the Canadian National Railways and Mr. Gordon become alive to the situation they will find that three-quarters of the traffic from that country will go south to the Canadian Pacific Railway. Do we want that to happen? If we do not, then during the course of the next few months steps will have to be taken to meet the situation.

Let me remind the house that the surveys have all been made and specifications have been prepared. The cost has been ascertained under present prices which are much higher than they were when the original plans were made. Unless these branches are built from Heinsburg to St. Walburg and from Beaver River to St. Walburg to close these gaps, all the oil, wheat and cattle shipments will be diverted to the Canadian Pacific. I am sure the Canadian Pacific hopes we will not bridge these gaps. Again I remind hon. gentlemen that the plans were prepared. Even the contracts were granted, so let us go ahead.

Often I have asked myself, what is the price of loyalty? What are the rewards of loyalty?—loyalty to your country, loyalty to your family, loyalty to your church, whichever it is. Loyalty is, I believe, the greatest virtue in the world. It is because of this loyalty, sir, that I am trying to obtain these things for the people of Athabaska which they ought to have. They deserve these things from this government. It is because of loyalty to these pioneer settlers that I am making this speech. Here I am talking about myself again. I could name forty places throughout that country, from Edmonton north, east and west, in which I was the first man to hold a public meeting; that was fifty years ago in some cases. The name of Dechene is still good, and the people know that I try to honour my obligations. It is for that reason that I am asking for the privilege of speaking to you today.

I should like to speak about something else for a few moments. Oil has been discussed in this house. There is one thing I wish to bring to the attention of the people of Ontario and Quebec, where the money and the great factories are. I would ask them why they do not move some of these factories or branches thereof to the source of

power, which is in Alberta. It is so logical. What do we do now? We pay a bonus on coal and haul it all the way down to eastern Canada. There is talk now of pipe lines to bring the oil to the east. We have to do that because within a year the province of Alberta will produce enough gas and oil to supply the whole of the Canadian market. This will save over $300 million of valuable United States currency. These resources are there and only the transportation facilities, which are now being undertaken, are necessary.

One can see how foolish it is to move the power, whether it be gas, oil, or coal, hundreds and thousands of miles away. Would it not be easier and cheaper to bring the factories to the sources of power? These factories could be built on top of the coal seams of Alberta. Fifteen per cent of the coal reserves of the British empire, if we can still mention the empire, are in the province of Alberta. A short time ago at a place called Pickardville a gas well was discovered, but it was necessary to cap it because there was no market for the gas. The people of eastern Canada could actually benefit tremendously through cheaper manufacturing costs if the factories were moved to the source of power.

There is something else about which I have spoken in this house before. You will say this is a provincial matter, and in a way it is. I do not believe we should be parochial in our approach to these questions. This is the parliament of Canada. I am proud to be in parliament, sir, because with the little ability I may have it gives me an opportunity to speak from my little corner to the people of Canada as a whole. The Liberal party, which went out of power in 1930, passed the act in 1926. Finally it was accepted by Alberta, and the natural resources of Alberta, the lands, the gas, the mineral rights and everything else, with the exception of a few, were turned over to Alberta and Saskatchewan by an Ottawa Liberal government.

I hold in my hand a copy of the Edmonton *Journal* of March 25, 1924. It contains a picture of myself. I was a pretty good-looking fellow in those days. The headline reads:

Dechene urges cash reward for oil well.

Some said that I was foolish, but I felt that there was oil under my feet in Alberta, but I felt something else, and I still feel it. I do not care what I may be told. This tremendous wealth that is now being taken out of the bosom of the earth in Alberta, as I believe it will later be taken out of Saskatchewan, does not belong to any government. It belongs to the people of those provinces.

The other day a few hundred acres of land in Alberta were sold to one of the oil companies for over $3 million cold cash for just the right to search. No oil had yet been found there. What did the farmer who owned the land get? A smile, and not a very pleasant one. I stand on solid ground, sir, when I repeat that if it was a new matter for me to preach and to foster I would still not leave it entirely to Alberta. I was a member of the legislature of Alberta long before any living member here now from Alberta. There are possibly only two of the party who went out in 1921 yet alive, who are survivors of the disaster when the Liberal party was put out of office, and I am the only one left in public life. In those days I preached not only for the return of the natural resources but also for the return of the mineral rights to the owners of the soil.

Up in my country, as I told you, sir, there were settlers at Bonnyville and Cold Lake and all over that country, and some of them were ninety miles from the nearest railroad. They operated; they carried on. They felled the trees, picked the stones and developed this land. It was a difficult and tremendous job. Few people in this country would ever undertake the job or go through what these people went through, but they did it. They carved out farms in that country long before the railway came. They had to drive their cattle and their hogs sixty-five, seventy and eighty miles to the nearest town. Just the other day oil was found on some of this land or on the next quarter section, but the farmers in that area never got anything for it. It is too late now to talk about the return of mineral resources because so many millions of acres have been alienated; but something can still be done in Alberta and Saskatchewan, or anywhere else where these resources are found, to see that the farmers out of whose land this wealth is taken receive a royalty and that the whole royalty does not go to a provincial government to use it as it sees fit. At least five per cent of these royalties should go to the farmers, to the men, who by their sweat and hard work have developed these lands, and to the mothers who raised families of five, six, seven, eight and nine children under indescribable conditions. They showed courage and made sacrifices which it is beyond the greatest poet of the English language to describe. Why should they not get them? Let us think that over. Let us show the people of Alberta that the people of Canada, of whom I am a humble member, believe that right and justice should be done to this pioneer population of the northern part of Alberta.

I see that my time is nearly exhausted. We did not have much of a crop in our district this year. For some reason Nature did not smile on us as she usually does. That has happened for two years now. But we are

carrying on as we did during the war. At that time we had a program entitled, "Canada Carries On". We shall carry on until these railroads are built. As I said, they were contracted for. What would you think of a man in business or of a firm or corporation who made a contract, signed it, and then under stress arranged with the other party to cancel the contract? You would say that man does not keep his word. You would look upon him as a quitter and say that you would not do business with him. Are we, the people of Canada and the government of Canada, going to give that kind of reputation to the Canadian National Railways. I say no. I make my plea to you gentlemen of the House of Commons this afternoon. My days in politics may not be long. There is not much for a man of my age to hope for except the last trip which will be a happy one I believe because of the love I have for my fellow man. When I was a young fellow in Alberta I had great faith in the destiny of that province. I saw a vision for the province. I knew—I do not know how I knew—but I knew there was oil under my feet. I knew of the wealth of its soil. I knew of the great ranches, of the cattle and the hogs, and of the wealth that would be taken out of the soil of Alberta. Later on when it was taken out of its bosom, as it were, I felt like a conqueror. I decided in my humble capacity to do my share to bring about development and progress. I thought that, when I had climbed one hill, I had reached the top, but it was only the beginning of the climb, and there were vast fields for development. Then I realized that we never reach the top. If we carry on with faith and loyalty to our country we pass on our vision to our younger people, many of whom I see in front of me this afternoon.

I have a vision of the mighty Rockies standing loyally as a sentinel. They are loyal because they never move from their post. They are guardians, as it were, of the wealth of the western prairies. It seems to me that God in His wisdom placed them there as a barrier to anyone who might invade the wealth of these great plains of western Canada. Perhaps He never overlooks anything, but did He foresee that the evil genius of humanity would find an instrument of war to fly over these mountains and bring disaster to humanity? I say that the people of Alberta have the Rockies as a guardian against war. If some modern enemy should try to cross the Rockies as Hannibal crossed the Alps, do not fret, the government of Canada, the Liberal government served by young men of vision and courage, will see that every protection is afforded. From the generous breasts of the buxom woman that symbolizes the western prairies we shall have the milk of abundance, the warm milk of abundance, of power, of oil, of grain, of everything to give to the rest of Canada and to the world. All that we are asking from you this afternoon through my humble instrument is to come to the help of this pioneer population and see that they are given all the advantages of production and transportation.

Mr. Daniel McIvor (Fort William): Mr. Speaker, like the hon. member for Athabaska (Mr. Dechene), who has just taken his seat, I too have something to say. When the budget was first introduced in March I said it was a good election budget. Today I think it is even better than that: it is a good after-election budget.

Before a budget is brought down there is a good deal of uncertainty. Only two parties know what is in it, and neither of them will tell. One is the Minister of Finance (Mr. Abbott), and one often has to talk to the Other silently. Neither the right hon. member for Port Arthur (Mr. Howe) nor I used the election budget in our campaigns, because we had so many good things to talk about we never got that far down the list. The worst they could say about me was that I was an old man, just like the government. I came back and thanked them for that splendid tribute, because they could not have paid a higher one. Even though a man be up in years, if he has common sense and a Christian character to back up what he says, he is not afraid anywhere.

I should like to congratulate the hon. member for Dufferin-Simcoe (Mr. Rowe). I pitied him before he rose to speak, because he had a heavy task ahead of him. It was a man's job, but he measured up to it splendidly. We at the head of the lakes know him in industry as a man among men, a man who leads his executive to play fair with the workers in the big plant up there.

I know he said we should have more trade with Great Britain. We should; but I should like him or anyone else in the house to say how we are going to get it. How can we sell to anyone who has not the dollars to pay? Let me tell the hon. member how we can sell to Great Britain without receiving dollars in return. Let us do what the Minister of Agriculture (Mr. Gardiner) did during the depression, when there was too much butter. He did not dump it into the lake; rather, he sent it out to the various relief centres throughout Canada. A resolution was passed, about which I have some knowledge, thanking him for that splendid gift.

We can sell our wheat to Britain if we offer it on a loan basis, or give it to them free of charge. After all there is nothing wrong with that. We know what the plan

of the Great Teacher was—feed the hungry, clothe the naked, visit the sick. If Britain has not enough wheat, what can be done? If we have more wheat than we need, what are we going to do with it? I leave those matters in the hands of the Minister of Trade and Commerce (Mr. Howe) and the Minister of Agriculture.

The budget gives me certain reasons for assurance. I believe it has been made clear, both during the election campaign and since, that the dominion government is willing to do its share toward paving the trans-Canada highway from the Altantic to the Pacific. If the provincial governments play the game, then they will rise to the occasion, and we shall have a highway across this country. Fort William wants it dearly, because not altogether selfishly we have some things up there which we believe all Canada should have. We have the greatest wheat-handling machinery in the world; there is nothing like it to be found anywhere else. The head of the lakes is known as the world's bread basket.

I was amazed the first time I saw two big cars of wheat pulled into an elevator, turned up and down, and emptied in a very short time—and all without the use of any shovels. As I have often said, we have the greatest scenery to be found anywhere in Canada—scenery second not even to the lakes of Killarney. Stand on Mount McKay, and one would be enrapt with the beauty he would see. There we see Thunder cape and Thunder bay, and over yonder the sister city. With all this beauty it would be one of the greatest tourist attractions in Canada.

And what about fishing? Why, you people do not know anything about the attractions of fishing. You would forget even to say those bad words, because the fishing is so good. The assurance from the federal government that the trans-Canada highway will receive its full support brings comfort to us at the head of the lakes.

The second assurance in the budget concerns housing. Anyone who heard that dignified, athletic, young and brilliant Minister of Reconstruction and Supply (Mr. Winters) the other day would say at once that there was a coming young man who is doing a great job. The minister gave us the assurance that the little man, the man with the small income, one day before very long will own his own home. Let us say to the minister that we thank him for the work he is putting into his job.

We take encouragement at the lakehead from the hope given to us by way of support for our gold mining and other mining interests. The Minister of Mines and Resources (Mr. Gibson) is not in his seat, but let me say to him that we appreciate his getting out and seeing the gold mines for himself. While I was speaking a few days ago, where was the minister? He was away up yonder in northern Ontario making an inspection, and getting firsthand information so that he would know whereof he was planning.

Much discouragement has come to the gold-mining industry in the last five years. Many of the smaller men went out of business. Why? Because they could not make enough to pay their help. I trust that the gold mining interests will now be in a better position, having in mind the deflation of the dollar and the bonus.

The other day we were pleased when the hon. member for Saskatoon (Mr. Knight) moved a resolution sponsored by the teachers federation of Canada. As an Irishman he made a good speech—even though he is a C.C.F.'er. He did it well and his efforts are appreciated. I know that, like the rest of us, he wants to see every last boy and girl in Canada get an education that will help to fit them for the tasks of life. So his word of encouragement.

The Minister of National Health and Welfare (Mr. Martin) has done a splendid job in helping hospitals whose boards were becoming discouraged. I am looking for further advances in the way of social security and I have one suggestion to make. A pension should be provided for those suffering from arthritis and other incurable diseases. I know of a family that came from Saskatchewan the head of which is suffering from arthritis. He is unable to go to work and his wife cannot go out to work because she must look after him as well as three lively children. The province of Ontario cannot do anything for them because they come from Saskatchewan. I have tried to help them along with some of my friends. I hope the minister will see his way clear to provide pensions for those suffering from arthritis and other incurable diseases.

I would like to have spoken for half an hour on a statement made by a recent visitor to Fort William from the United States. This gentleman said that a revolution was coming in Russia. I did not think about what he said at that time, but since then I have given some thought to his statement. I have been thinking of the man who once led Germany. The country that treats God as a myth and leaves Him out will sooner or later come to trouble. This gentleman said that within three years Russia would have a revolution. We shall watch to see whether he is right. He was a steady-going Christian, a Presbyterian, if you

know that kind of man, and he would not say that sort of thing without having some information to back it up.

I have a request to make of the Minister of Finance (Mr. Abbott). I studied phrenology a little and I think that anyone with any knowledge of phrenology can learn more by looking at a man's head than he could otherwise. When I look at the minister I see the bump of perception is highly developed. I also see the bump of honesty and the bump of fair play fairly well developed. That is why I make my plea for the removal of the sales tax on hearing aids.

I have one and it has been of great help to me, but everyone in Canada has not the large salary I have. Many people cannot afford to pay $175 or $195 for a hearing aid. Many have to buy cheaper instruments, but they are dear at any price. As the minister's bump of fair play is highly developed I hope he will realize the need for the removal of the sales tax on these hearing aids. The duty has been removed already. The sales tax has been removed on wheel chairs, medical appliances and artificial limbs and it should be removed on these aids. I am sure if the minister does remove that tax more hon. members in this house will soon have the benefit of these hearing aids. The sales tax is eight per cent but the invoice is made out in United States dollars so it amounts to almost ten per cent in Canadian funds. It would be a great help if the tax were removed.

I congratulate the minister upon his budget. The minister should be thanked for being consistent in bringing down the budget. I think he held off as long as he could in order that more taxes would be paid and the national debt reduced. Of course there are others who thought there might be another reason for that. But he stuck to his task and brought down the same budget, with two added improvements. I wish him every success with it.

Mr. T. L. Church (Broadview): Mr. Speaker, I rise to take part in this debate for many reasons, one being that I am always ready to go on with the inquiry. This debate affords us a last opportunity to air the grievances facing the country. This government has obtained the greatest majority of any government since confederation. I believe the people should rule because after all is said and done we should have government of the people, by the people and for the people. But are we getting that at the present time? Do the people back in the constituencies know what is going on here? A great many people read *Hansard* and others depend upon the radio.

Public meetings are not what they used to be in the olden days. I remember when I was the head of the city going to meetings where there would be a couple of thousand people. I have spoken as often as seventeen times in one night, starting at the east end of the city and going through the different wards.

Since I entered this house I have always believed in certain economic principles. I have always felt that there are some economic truths that should not be forgotten. We should uphold the Christian religion. There should be continual security against external aggression. There should be safety for seaborne trade. There should be maintenance of internal law and order so that all men may reap what they have sown. There should be impartial justice. I have always believed that our judiciary should be free from interference or pressure on the part of the executive. Have we that now? I am very doubtful.

There should be sound finance and strict supervision of our national income and expenditures. We have now seen the budget —the same one as proposed last spring, with few changes. We are just holding a post mortem on it. The money has mostly been spent already with the interim supply that has been granted. I believe in an empire shipping policy and the continuance of the long-sighted development of our commonwealth trade, as suggested in the amendment moved by the hon. member for Dufferin-Simcoe (Mr. Rowe). Without that Great Britain and the dominions will perish.

I believe in the promotion of all measures which will improve the health, wealth, happiness, peace, welfare, comfort and social conditions of the people of this country. I believe in private enterprise and initiative as against state trading and the nationalization of industry. I should like to see the younger members who come here from the municipalities assert themselves once in a while and not be yes-men and nodders. That is what I called them a few years ago, yes-men and nodders who follow the government whether it is right or wrong. I believe that as private members we should not go with the multitude and do wrong accordingly. A nation should never threaten another unless it is willing and ready to make its threat real. What is the use of our boasting we have security when we know very well we have not? Let us tell the people the truth. You can ask the people to make sacrifices without fear, but in my opinion in some ways it is dangerous to offer them a bribe.

It is not the commonwealth's business to be the policemen of the world. If you trust the people they will trust you. Do not be afraid to tell the people you have made a mistake because the Canadian people do not

expect their leaders or their members of parliament to be God and never legislate against human nature. Those are some of the principles which I have supported in the house for many years.

We are only holding a post mortem on the estimates because most of the money has been spent. It is the second budget we have had this year. I have a high regard for the present Minister of Finance (Mr. Abbott) because I have known him and his family for many years. I have a high regard for his fine human qualities of mind, head and heart, because after all the heart is the head. I want to call his attention to the fact that the government has put him in the position of a coroner conducting an inquest. The money has largely been spent, and we have had practically the same budget twice in one year. The House of Commons has not been asked to appoint the public accounts committee to examine the auditor general's report. You will find that he makes certain recommendations. We have had interim supply. We are now into the tenth month of the year, and the public accounts committee has never been convened.

The auditor general's report mentions a great many things, and one is the taking of Cook's tours of the world by certain people. Instead of one or two delegates a whole carload is sent. That is one matter the Auditor General mentioned recently. Why should we send a whole carload overseas in the manner indicated when they do not do anything when they get over there? When I was head of the city of Toronto we had a parsimonious controller. I refer to the late ex-mayor Foster who was then a controller. He called these trips joy-rides. That was his description of them. I do not call them that. I am glad to see those who get a trip enjoy it. I am not a man of that stamp, but I think there should be some economy, as the Auditor General told us a while ago, and not send a whole carload when one or two would do. Some are even sent overseas.

We used to have a parliamentary association that did things. It was one body where there was no politics. They took a joy-ride, as my friend Foster used to say, all over Europe. They were not satisfied to go to Great Britain but went all over Europe. Money has been spent in sending people to meetings of the United Nations. In fact, a former lady member of the house, for South Grey, Miss Agnes Macphail, proposed sending me to the league of nations. She said if I went over there I would be converted, but far from it. God forbid that as a humble member of the house I should ever be sent to the league of nations. I know what the league of nations did. They caused already two world wars, and the United Nations will cause another one. It will be strike three on the whole world if they get their way.

I sympathize with the Minister of Finance because he does not prepare all his own estimates; other ministers have a say in them also. Where do the two old parties stand today? In the by-elections yesterday only the two old parties made any showing, the Liberals and the Conservatives. I said the other day that the two old parties were like old soldiers; they never die. They are re-created and are being re-created today so that the policies may be carried on that were propounded by Sir John A. Macdonald, by Sir Wilfrid Laurier, by a former leader of the government, Right Hon. W. L. Mackenzie King, whom I respect very much as a friend and for what he has done for the country. There was also a former minister of justice, the very able Mr. Lapointe. We have had Mr. Cardin, Sir Charles Fitzpatrick, Sir Allen Aylesworth, Right Hon. Mr. Meighen, Sir Robert Borden. All these men were diametrically opposed to tearing up the constitution in the manner indicated by the action of the present heads of the government. I say as far as possible we should not forget the past because, after all, as Walter Lippmann says in his textbook on foreign affairs you can learn a lot from the past about education, political and economic matters, and especially about foreign policy.

One of the glories of the Victorian era was that the people kept the state. Now, according to some of the letters I receive, the state is keeping about fifty or sixty per cent of the people. They are looking after them from the cradle to the grave. I am one of those who support social services, but I believe there should be some other way of accomplishing the objective, and that as far as possible we should adapt ourselves to the conditions of the country and the ability of the nation to pay. We should consider the ability of small merchants and returned men to pay. Where does the government get the money? They get it from income tax and sales tax. That is where it is secured. It is a direct charge on the consolidated revenue fund.

What have we to show for it in the Toronto district? The people spoke yesterday in a Toronto riding. We have not had a cabinet minister from the Toronto district since 1935, nearly fifteen years ago. Look at the income tax and sales tax paid by the people of Toronto. Yet we have never had a minister from the Toronto district. It is the centre of the educational system, the financial system, and of trade and commerce. It is away ahead of anything else. Although there are

four or five Liberal members representing that district today there is not one of them in the cabinet, and we will not have one as long as the present government is in office. The people have spoken. Troops from the Toronto district under Colonel Denison of the bodyguard saved the prairies —the Queen's Own, the Grenadiers. They went out there to Cut Knife pass, The Pas, and all those places and saved the prairie provinces. Those men marched across by lake Superior in the depth of winter, with the temperature 45 and 50 degrees below zero. All they had were biscuits and hardtack, yet during the Riel rebellion of 1885 they saved that country from being dislocated. Yet now, sixty-four years later, that Toronto district is not considered worthy to have a cabinet representative.

While the present budget is very good in some respects, in others it is very defective. It is true that the 8 per cent sales tax has been removed from fuel oil used for heating, and that the tax on cider and other wines containing 7 per cent proof spirits is reduced; but the tax reductions are very small. For 1948-49 the revenues of the country amounted to $2,771 million, while the expenditures were $2,176 million. Back in 1896, when Sir Wilfrid Laurier took office, it only required $36 million to run the whole of Canada; and dear knows we have not doubled in population since that time. Now they spend that much in a day. They count that day lost in which they do not spend more than that. According to these revised estimates, the revenue for 1949-50 is expected to be $2,550 million and expenditure $2,460 million. No change has been made in the personal income tax. That is too bad, because the small businessman and the wage earner were expecting that something would be done for them.

When we come to look at the housing situation we find that it will be difficult to qualify under any of the schemes suggested by the Minister of Reconstruction and Supply (Mr. Winters) or the central mortgage company because we have no cheap land left in the city of Toronto. Neither do we have a steam suburban railway service; and the government has taken too much money out of the pockets of the people. Refunds from the prior budget were supposed to be made six months ago, but now we find that an act of parliament will be required before the money that has been collected can be given back. That is unfortunate, because many people were looking for that money to help pay their income tax for the current year.

The amendment moved by the hon. member for Dufferin-Simcoe (Mr. Rowe) calls for an inquiry into our trade position. Trade is falling off, and now our constitution is being tampered with by the federal government in the manner I indicated a moment ago. I quoted several Liberal ministers of justice and chief justices of Canada who were opposed to any such action, but the government are going ahead anyway. All this has happened since the election in June. Where are our ships today? They are tied up in our harbours because we are not exporting the maximum quantity of goods to the markets of the world. We should be sending forth products of the sea, the soil, the forest and the mine, but our export trade is falling off and our ships are tied up.

Then I come to the dominion-provincial conference. There is no reason in the world why that should not be held immediately, before they make the British North America Act into a scrap of paper. Why not call this conference now? Most of the provinces have chosen new leaders within the last few years, so a conference could be called at any time. Why not call it here and now, while parliament is in session? Such a conference is very badly needed. It is a case of now or never, or perhaps of now and forever. Why should we have to wait months or years before such a conference is held? I can see no reason for the delay.

The amendment moved by the hon. member for Dufferin-Simcoe speaks for itself. So does the report of the Auditor General, who has very little control over things now. Look at those in the other place. I asked the former head of the government many times if he would not arrange for a joint meeting with those in the other place to see if they could not be given more work. The Senate was never intended to be top-heavy as it is today; that was not the principle in mind when it was decided to have two houses of parliament. The other day I received a letter from a gentleman who said he had noticed in the *Citizen* that the Senate would not sit. He wrote to me and said, "The Senate will not work," and went on to express a little humour about our friends in the other place. I believe they have a great many able men over there, however, and if they were given more work this chamber would be relieved and parliament would not need to sit so long.

The amendment of the hon. member for Dufferin-Simcoe deals with trade, and particularly with trade within the commonwealth. We all remember the depression of the thirties, when it was only preferential trade that saved this country in the early thirties. Under it the trade of Britain with Canada was increased by 45 per cent while the trade of Canada with Britain was increased by 44 per cent, and still both Canada and Britain

traded with the whole world as well. We have had an example of the blessings of preferential trade. Now, they have hanged it on the sour apple tree alongside John Brown's body. The Minister of National Defence (Mr. Claxton) said that was a good place for it, but I believe it would be a good place for some of his policies. It would be a good thing if that were to happen to some of these Geneva pacts and the unilateral agreements that have been made with some countries.

Today, the Liberal party has gone back over one hundred years and is adopting unilateral trade. This was Mr. Fielding's policy and it was the policy of Sir Wilfrid Laurier, who in 1897 proposed a six cent per bushel preference on wheat. The United Kingdom was our traditional market and, because of inability to solve the sterling difficulties, we are losing that market. I can tell you that the time is not far distant when the government will have to face the country. I believe Britain will be starved under the present Attlee policy. Why should they be starved out when Britain is our best customer? Would any of the departmental stores, such as Eaton's or Simpson's, treat their best customers that way?

This house should adopt the amendment to have an economic conference with the rest of the British commonwealth in order to draft a policy to help the mother country. Such a policy would cover grain and all food products. The commonwealth countries have been our best customers, our steady customers, along with allied France and Italy. This conference could adopt a policy for the future which would avoid the United Kingdom being dependent on the United States for everything. After all, we are partners. I admire the people of the United States. It is a great nation, but it is well able to look after itself. We are just friendly competitors, and should be friendly competitors to that extent. We should stand by those who stood by us.

Was there anything more striking than the appearance of the Minister of Trade and Commerce (Mr. Howe) at the British industries trade fair in which there were those magnificent exhibits from New Zealand, Australia, South Africa, Rhodesia and other crown colonies? I believe the minister did a lot of good work in that connection, as did his predecessor who is now a senator in the other place. I hope that something will be done about that matter.

May I refer now to other matters that have come up here. I should like to say that the granting to women of the right to vote was started at the city hall in Toronto. A married woman only had a dower right in the property; she could not vote. We went to the legislature and had a bill passed which gave two votes per house, and that spread all over Canada. The provinces then prepared the federal lists. In view of what women did in the war we went to the premier of Ontario in 1917, Mr. Hearst, and he gave them the ballot in provincial matters. Automatically, women secured a federal franchise; that is the way it started.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

SECOND READINGS—SENATE BILLS

Bill No. 67, for the relief of Margaret Helen Milne Ward.—Mr. Winkler.

Bill No. 68, for the relief of Lizzie Brogden Hibberd.—Mr. Winkler.

Bill No. 69, for the relief of Eric Jeffery Burn.—Mr. Winkler.

Bill No. 70, for the relief of Agnes McIntosh McKillop McBride.—Mr. Winkler.

Bill No. 71, for the relief of Elizabeth Audrey Beauclerk Quinlan.—Mr. Winkler.

Bill No. 72, for the relief of Thelma Blanche Collins Geick.—Mr. Winkler.

Bill No. 73, for the relief of Thora Beckingham Lock.—Mr. Winkler.

Bill No. 74, for the relief of Hugh William Lloyd.—Mr. Winkler.

Bill No. 75, for the relief of Linda Emilia Wilen Robitaille.—Mr. Winkler.

Bill No. 76, for the relief of Brina Paskin Warshaw.—Mr. Winkler.

Bill No. 77, for the relief of Thomas Hanusiak.—Mr. Winkler.

Bill No. 78, for the relief of Loretta Waugh O'Dell.—Mr. Winkler.

Bill No. 79, for the relief of Marie Rita Plante Boyer.—Mr. Winkler.

Bill No. 80, for the relief of Dorothy Waxman Sherman.—Mr. Winkler.

Bill No. 81, for the relief of Laura Cohen Kaminsky.—Mr. Winkler.

Bill No. 82, for the relief of Annie Marion Lesnichuk Krushelniski, otherwise known as Annie Marion Lesnichuk Krush. — Mr. Winkler.

Bill No. 83, for the relief of Marjorie May Smart Birmingham.—Mr. Winkler.

Bill No. 84, for the relief of Anna Sandberg Goldbloom, otherwise known as Anna Sandberg Gold.—Mr. Winkler.

Bill No. 85, for the relief of Olive Frances Harper Morrison.—Mr. Winkler.

Bill No. 86, for the relief of Delphis Brousseau.—Mr. Winkler.

Bill No. 87, for the relief of Gladys McCarrick Bonnemer.—Mr. Winkler.

Bill No. 88, for the relief of Bernice Beverly Corry Cohen.—Mr. Winkler.

Bill No. 89, for the relief of Bessie Zinman. —Mr. Winkler.

Bill No. 90, for the relief of Marion Lillian Gargan Thomson.—Mr. Winkler.

Bill No. 91, for the relief of Mary Piekos Rynski.—Mr. Winkler.

Bill No. 92, for the relief of Victor Chryssolor.—Mr. Winkler.

Bill No. 93, for the relief of Blanche Ruth Serokey Smith.—Mr. Winkler.

Bill No. 94, for the relief of Raymonde Belanger Skaife.—Mr. Winkler.

Bill No. 95, for the relief of Elizabeth Maud Gwendolen Tobi Hearns.—Mr. Winkler.

Bill No. 96, for the relief of Ruby Muriel Keith Gray.—Mr. Winkler.

Bill No. 97, for the relief of Laurel Jeanne MacGregor Thomson.—Mr. Winkler.

Bill No. 98, for the relief of Edith Sara Hamilton Warlund.—Mr. Winkler.

Bill No. 99, for the relief of Donald Duncalf Birchenough.—Mr. Winkler.

Bill No. 100, for the relief of Joan Gertrude Fox Corbett.—Mr. Winkler.

Bill No. 101, for the relief of Richard William Henry Wark.—Mr. Winkler.

Bill No. 102, for the relief of Eileen Dorothy Richards Turner.—Mr. Winkler.

Bill No. 103, for the relief of Janey Beryl MacPhail Shuttleworth.—Mr. Winkler.

INDUSTRIAL RELATIONS

AMENDMENT OF CHAPTER 54, STATUTES OF 1947-48—ENFORCEMENT REGULATIONS

Mr. Clarence Gillis (Cape Breton South) moved the second reading of Bill No. 60, to amend the Industrial Relations and Disputes Investigation Act (enforcement).

He said: Mr. Speaker, I am glad to see that hon. members on the opposite side of the house are co-operating in getting this bill before the house. Since we have discussed this matter on previous occasions I am reasonably sure that the Minister of Labour (Mr. Mitchell) will give us a lot of help with it at this time.

The purpose of the bill is to repeal sections 43, 44, 45 and 46 of the Industrial Relations and Disputes Investigation Act. If this bill passes, and the sections of the act now known as the national labour code are repealed, it will have the effect of giving the national labour relations board the right to enforce the act. This is the board to which employers and employees come when they have a dispute. The board hears all the evidence, understands the nature of the dispute, and is then in the best position of anybody in Canada to determine when either one side or the other may be committing infractions of the act. If the board decides that either employer or the employee is guilty of an infraction of the act it will have the right, under these amendments, to enforce the act by laying in the magistrate's court the information along with the evidence they have gathered. They will place the matter in the hands of the magistrate's court for the purpose of having imposed whatever penalties are contained in the act.

Some people argue that this would give the board judicial power. It does not. It is merely placing that body in the same position as the income tax department. The income tax department determines when an infraction of the Income Tax Act is committed. They have the right to initiate proceedings in the courts and have the courts fix the penalty which is contained in the act.

Since the national labour code was enacted we have watched it and we have seen how it works. One case was taken before the courts in Quebec, namely, the Hull Transportation Company *v.* the Brotherhood of Railway Employees. In that case, while there is no doubt about rank discrimination so far as discharge of members of a union for union activities is concerned, nevertheless the magistrate found in favour of the employer on the ground that the brotherhood did not prove their case on the basis of evidence, taking of course as his cue or precedent evidence as presented in a court of law for violations of the Criminal Code, and the matter was thrown out. The men remained dismissed. It has been my contention for a long time that legislation that is not enforced is not worth the paper on which it is written. If we are to have a national labour relations board we must give it some status. As it is constituted today the employer and the employee can appear before it. All the board can do is sit and listen, and no matter how unreasonable or unfair, or how many violations of the act are committed, the board is powerless to do anything about it. When the board institutes proceedings in the court on the basis of the evidence it has assembled the magistrate is in a position to determine the legality of that evidence and so on. If the employer or employee is not satisfied with the decision of the magistrate's court there is a provision in this bill giving them the right to appeal to a higher court.

Not wanting to talk this measure out, and wishing to give other hon. members an opportunity of saying something on it, I am going to rest the matter there. I think this is a step that is absolutely necessary to give the labour relations board some status so

that those who come before it will realize that they are dealing with a body which has semi-judicial power and is in a position to determine who may be committing an infraction of the act. It gives the board the right to institute or initiate a prosecution in the court as the income tax department can do now. The motor vehicles acts in the provinces are enforced in that way. In my opinion, unless we are prepared to enforce this legislation, it is absolutely valueless as it is at the present time.

Mr. J. H. Dickey (Halifax): I should like to speak on this bill. I had the privilege of being a member of the committee which studied the new dominion labour code two sessions ago. It has been a source of some wonder to me why so many bills amending this new labour code have been brought in both in the last session of the last parliament and in the first session of the new parliament. It appears to me that in spite of the very thorough and considered attention which was given to all these matters by the industrial relations committee and by the house in considering the labour code during not one but two sessions of parliament, it has been found appropriate to bring in substantial and important amendments to the code adopted after such care and attention. It would seem that hon. members feel that the labour code, and the provisions which have been placed in it, should not be given an opportunity to be proved by the test of time, and if they are to be found to be unwise or unworkable, or not what is required, then to change them in the light of experience. I would certainly prefer to see this labour code, as it was adopted by the last parliament, given an opportunity to prove itself or not to prove itself. If it appears, in the light of experience, to be not what the country needs, then it will be time to change it when the manner and extent of the changes which will be necessary become apparent from the experience of both employers and employees, the departments of labour in the provinces, and the Department of Labour of the federal government.

The bill sponsored by the hon. member deals, not strictly speaking with the question of enforcement, but rather with the procedure whereby punishment or sanctions may be applied to people or organizations which have committed breaches of the provisions of the labour code, and have committed what are termed improper practices or unfair labour practices.

The theory underlying the bill is that there should be set up in the board certain judicial functions which it does not have under the labour code as it now stands, and which in fact the board was never intended to have. The board, as envisaged by the labour code, is one which deals with the question of certification of bargaining agents for a group of employees, and other questions which proceed, not on a basis of legal rights and wrongs, but upon the basis of the provisions of the act relating to certification or the various regulations in relation thereto.

This is not a board which through its personnel or in the manner in which it has been set up, was intended to act as a court of law. The hon. member and some others may consider that the functions of a court of law are simple, and that any other body which could be picked could carry out those functions just as easily and just as thoroughly, and with the same competence as if done by a court.

I submit that is an improper simplification. Our system of justice and our courts of law have been developed over many centuries of use of the common law. The personnel of our courts are carefully selected from men who have spent their lives in the practice and profession of law. The proposal here is to substitute in a very narrow field a board which has neither the experience of nor the talent required for a court of law, but which in this instance would be asked to carry out the functions of a court of law.

Mr. Gillis: The same as the income tax branch. There is no difference.

Mr. Dickey: The income tax branch is not a court of law, but a court of law with special jurisdiction has been set up to deal with questions arising under income tax legislation.

Mr. Gillis: It asks for the same powers as the income tax branch now has.

Mr. Mitchell: The hon. member would not compare a labour dispute with a breach of the income tax law, would he?

Mr. Gillis: Yes.

Mr. Mitchell: I thought you knew what you were talking about.

Mr. Dickey: I submit the comparison is not a good one. In any event a special court, properly constituted, has been set up for that particular purpose. They have not established a board to adjudicate upon certain features in connection with the preparation of income tax returns, and then, after having set up a board for that purpose, turned around and given it the functions of a court of law.

The actual provision within the bill itself is that an employer or trade union may apply to the board for an order that any person, employee, trade union, employer or

employer's organization has violated a provision of the labour code. Then the second subsection states:

> Upon receipt of such an application, the board shall by notice in writing, direct the party making the complaint and the party against whom the complaint has been made to appear before it.

In other words the board may call the parties before it. Then subsection 3 states:

> After hearing the evidence as aforesaid the board may, if it is of the opinion that there has been a violation of the provisions of this act, issue an order indicating the precise nature of the violation.

We find here the use of the technical term "evidence". I would direct the attention of hon. members to the fact that in dealing with matters of a criminal or quasi-criminal nature the question of evidence is a technical and difficult one. It is one which requires the attention of a judge or a court of considerable learning and wide experience, so that the laws of evidence may be applied fairly and properly and with justice to all parties.

It may be argued by the hon. member that when he uses the word "'evidence" he does not mean that anyone will be restricted by the rules of evidence, or anything of that kind. If that is so, then I submit it is most improper to ask parliament to legislate in a manner whereby any citizen of this country may be brought before a body given the powers of a court of law, and at the same time be denied through legislation the protection to which he is entitled under the laws of evidence before any other court in the country.

The power of the board is to issue an order indicating the precise nature of the violation. It is one thing to issue an order indicating the precise nature of the violation, but I am wondering if the hon. member intends that the board shall say who is responsible for that violation. That is certainly not set out in the bill. However, if that is the intention, then in addition to indicating the precise nature of the violation the board must be given power to indicate who has been guilty of the violation.

Mr. Gillis: That is the intention.

Mr. Dickey: From the next subsection it would appear that that is the real intention.

Mr. Gillis: That is the intention.

Mr. Dickey: My hon. friend says that is the intention. If so, I submit it should be set out in the language of the subsection, because it might be somewhat difficult to read that interpretation into the words used.

Subsection 4 states:

> (4) Where an order is made by the board pursuant to subsection three of this section, the chief executive officer of the board or anyone acting through or under him, may file such order, duly certified by the chairman of the board, in the magistrate's court of the jurisdiction in which the violation referred to in the said order took place, and the magistrate of the said court shall, by summons issued in the usual manner, thereupon direct the person, employee, trade union, employer or employers' organization against whom the order was made to appear before him and shall impose upon such person, employee, trade union, employer or employers' organization the penalty or compensation provided in this act for the violation specified in the order of the board. For the purpose of any proceedings taken under this subsection the fact of the violation shall be sufficiently proved in any court of law by the filing of the said order of the board certified by the chairman of the board.

The important aspect of that particular subsection is that, having set up the board as a court of law and giving it the responsibility of dealing with the evidence on which one of the parties bases its claim that a violation has been committed by the other party, of determining the precise nature of the violation and, I am informed by my hon. friend, deciding who is guilty of the violation—having assumed that responsibility, the board is then empowered to abandon the matter and to turn it over to the ordinary judicial authorities, to hand to a magistrate what amounts to a mandatory order to pass sentence upon the person who the board says is guilty of a certain violation. I submit that that is an absolute departure from our whole conception of the administration of justice in this country.

Mr. Gillis: What justice?

Mr. Dickey: My hon. friend says, "What justice"?

Mr. Gillis: Yes, I say, what justice?

Mr. Dickey: I am not going to discuss the administration of justice in this country. If my hon. friend is not satisfied with the way in which justice is administered in this country, I am sorry for him.

An hon. Member: Let him go to Russia.

Mr. Gillis: You get as much as you can buy, no more.

Mr. Dickey: My hon. friend is entitled to his own opinion, but that is not an opinion that is shared by anyone else in this country.

Mr. Smith (Calgary West): The remark that you can get as much justice as you can buy is strictly against all the rules of debate in this house and should be withdrawn.

Mr. Speaker: I am afraid that remark reflects on the judiciary and I would ask the hon. member to withdraw it.

Mr. Gillis: Mr. Speaker, if it is offensive to you, I will withdraw it.

An hon. Member: Oh, no.

Mr. Fournier (Maisonneuve-Rosemont): It is offensive to everybody.

An hon. Member: No condition.

Mr. Speaker: The hon. member has withdrawn the remark.

Mr. Dickey: I think it is improper to suggest by legislation or otherwise that the magistrates of this country are officials to whom any board or body can issue a direction to impose a sentence upon a person who has not been before them in the ordinary manner in which justice is dispensed in this country. The magistrate is to be ordered to pass a sentence upon persons who have not been before him and in connection with which he has not heard any evidence. The fifth subsection of the proposed bill reads:

(5) If, in the opinion of a magistrate, the order of the board is ambiguous or its meaning not clear in any particular, he may refer to the board any question or matter for clarification by the said board.

There is certainly nothing objectionable about that. Then the sixth subsection reads:

(6) The board may appeal from the decision or judgment of a magistrate.

I am completely unable to understand the purpose of that particular subsection except that it is absolutely improper. To state that the board may appeal from the decision or judgment of a magistrate is meaningless because I submit that in fact there is no judgment or decision which a magistrate can give. Under subsection 4 the magistrate is directed to pass sentence upon a party who has been selected by the board as being guilty of a violation. That is not in any sense of the word a decision or judgment of that magistrate. It is a decision of the board and the magistrate is simply the official who decides what penalty will be imposed upon the person selected by the board.

I submit that the only purpose that particular subsection could have is this: When parliament legislates its words are taken in context and construed strictly; when parliament purports to give the power of appeal, and the courts are construing that power they are inclined to say that parliament must have intended to deal with the matter of appeal in a complete manner and to set out the way in which the appeal is to be brought and the persons who are entitled to appeal. I submit that if this subsection is enacted by this parliament we shall have a strange system whereby a board would hear evidence, make a decision and then pass over to a magistrate a direction as to who shall be sentenced.

If the person sentenced by the magistrate tried to appeal his conviction the courts would say that parliament had intended to deal completely with the question of appeal in subsection 6 and that, as parliament had decided that the board could appeal, by inference it was meant that the individual could not appeal. If we pass this subsection I submit that we shall be laying ourselves open to grave danger of being accused of denying to citizens of this country, union members, employees or anybody else, who come within the purview of this legislation, the right to appeal a decision or judgment which that individual feels is unjust and by which he is aggrieved.

Mr. Gillis: The hon. member knows that that is nonsense.

Mr. Dickey: My hon. friend says that I know that that is nonsense. I do not know that that is nonsense; I know it is absolutely correct. I should like to refer now to the sections which it is proposed to repeal and replace by the single section set out in the bill. The point to notice there is that the main subject matter dealt with in sections 43, 44, 45 and 46, which it is proposed to repeal, is in the main very different from the subject matter of the new section 43 which it is proposed to place in the act. Section 46, for instance, provides in general terms that:

No prosecution for an offence under this act shall be instituted except with the consent in writing of the minister.

It was felt by the industrial relations committee, and by the parliament that passed the act, that the minister should be consulted on questions of prosecution under the code.

Mr. Gillis: One-man dictatorship.

Mr. Dickey: My hon. friend says "one-man dictatorship"—

Mr. Mitchell: I do not believe the hon. member thinks I am a dictator. He is just kidding the troops.

Mr. Gillis: You may not always be there.

Mr. Dickey: My hon. friend seems to enjoy making these interruptions.

Mr. Gillis: So your speech will look intelligent.

Mr. Dickey: Thank you very much. The fact is it is a wise provision to have the minister consulted in these matters. The federal Minister of Labour (Mr. Mitchell) and the ministers of labour for the provinces have heavy responsibilities with respect to matters of industrial relations. I think that the manner in which the labour departments of the federal government and the provincial governments have dealt with these matters should be a source of great pride and satisfaction to the Canadian people. It is proper that the officers who assume these responsibilities should have some right of consultation when parties to disputes believe they have been aggrieved to such an extent that they feel they have to resort to prosecution to secure their rights.

The final point I wish to make is that section 45, which it is proposed to repeal, sets out that:

> A prosecution for an offence under this act may be brought against an employers' organization or a trade union and in the name of the organization or union and for the purpose of such a prosecution a trade union or an employers' organization shall be deemed to be a person . . .

If we are going to have any machinery whereby the labour code can be administered and enforced, then trade unions and employers' organizations must be regarded as legal personalities. They must be regarded as persons who can be brought before the courts, and against whom or for whom judgment can be rendered. The bill would not have the effect of making enforcement of the labour code possible but of making it impossible, because the proposal is to take out of the act the provision which makes it possible to proceed against an employers' organization or some other body that is unincorporated. If that is done, then I submit that the elaborate and improper procedures which are proposed by the amendment would be absolutely ineffective except against individuals.

Mr. C. E. Johnston (Bow River): Mr. Speaker, I should like to say a few words on this measure. I think possibly what the hon. member for Cape Breton South (Mr. Gillis) had in mind was to introduce amendments to the act whereby a dispute between labour and an employers' organization could not be prolonged for weeks, months, and sometimes years before a settlement is reached. If that were the purpose of the proposed measure then I would agree with it. I think there have been occasions when such proceedings have been dragged out so long that it injured the industrial relations of the country.

I am afraid I cannot agree with the bill as it is put before the house. I take it that its purpose is to clarify the enforcement part of the legislation, but personally I cannot see that it clarifies it very much. In fact, I hold the view that possibly it creates a little more confusion than there was in the first place. I want to review the language the hon. member for Cape Breton South used when he introduced the bill. At page 650 of *Hansard* of October 11, 1949, he had this to say:

> By this proposed change, if two parties came before the board with a dispute the board would have the authority to determine which party had committed an infraction of the Industrial Relations and Disputes Investigation Act. The board would be empowered to declare one or the other of the parties guilty and then turn the matter over to the magistrate's court.

I cannot conceive of that being the best type of machinery to settle disputes. In the first place the board was set up as a labour relations body. If you attempt to convert a conciliation or labour relations board into a court then I think the purposes of conciliation and arbitration have been defeated. After the evidence is taken before the board it is to be turned over to a magistrate. I should like to read further from what the hon. member had to say when he introduced the bill.

> Whatever penalty this act empowered the magistrate's court to impose would be imposed by that court. This amendment would give the board some legal authority, and create respect for it in the minds of those who would be taking disputes before it.

I cannot conceive of that type of action. You would have the board taking evidence, and when the evidence was all taken and the board had decided which of the parties was guilty the evidence would then be turned over to a magistrate who would not even have heard it. Possibly I am not familiar with legal procedures, but I cannot understand how a magistrate could impose a sentence when he had not heard the evidence.

Mr. Harrison: They do it in Saskatchewan; that is the way they operate.

Mr. Johnston: I am not interested in that point. I cannot conceive of such a conciliation body being in a position to give a fair judgment. They may be able to decide which party is guilty and which party is innocent, but surely the board which hears the evidence and pronounces upon the guilt or innocence of the parties is the logical authority to impose the penalty. But that is not the set-up. When the board gets the evidence it is turned over to a magistrate who imposes the penalty.

I am not going to review the whole bill, but at this point I want to turn to the last two subsections. Subsection (5) provides:

> If, in the opinion of a magistrate, the order of the board is ambiguous or its meaning not clear in any particular, he may refer to the board any question or matter for clarification by the said board.

I suppose that procedure would be proper, but does it not indicate the ridiculous position in which you place the magistrate. He has to impose a penalty upon a party as to whom he has heard no evidence, yet he must go back to this board—for clarification of the things he should have been told in the first instance. Then to further confuse me I find this in subsection (6):

> The board may appeal from the decision or judgment of a magistrate.

In my view the board would not have anything to appeal. It would decide who was guilty or who was innocent. The board could not impose a penalty, and if no penalty was imposed what difference would it make? The position would be exactly the same as before. In my view the fact that the board could

appeal the decision of the magistrate would render the magistrate almost powerless. Where would you go if your appeal was granted? Certainly you would not go back to the same magistrate. You would have to go to a higher court.

It seems to me, Mr. Speaker, that this bill would do away with the very foundation of unionism. Certainly in my judgment it would put an end to all forms of collective bargaining. Suppose this bill passed and a matter came up for collective bargaining between the workers and the company. If they knew this procedure would be followed, neither side would want to reach a decision, and then a conciliation board would have to deal with the matter. It would make no difference which way the board decided; the other party would feel aggrieved and would bring the matter before the government, either this government or any other. Then it would become a political football; and I do not think that is the best solution for our problems in labour relations. I believe collective bargaining would break down entirely, and for that reason I am afraid I must oppose this measure. I believe one of the most sacred rights labour has gained over all these years is the right of collective bargaining. I agree that in some cases disputes between labour and management have dragged out for weeks and months, perhaps for more than a year, without reaching a final decision. I think some arrangement should be made under which these decisions must be given within a certain period of time; otherwise that situation will endanger industrial relations in this country.

Having said this much, Mr. Speaker, I do not think I need say more; but I shall have to vote against the bill.

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, it was not my intention to take part in this debate, but I am constrained to do so by the speech just delivered by the hon. member for Bow River (Mr. Johnston). Whether or not this bill is good legislation, I do not think it is the bill the hon. member has been explaining to the house. The board mentioned in the bill is not a conciliation board.

Mr. Johnston: It becomes one.

Mr. MacInnis: No, it does not; it is the labour relations board that determines whether or not an offence has been committed, which is altogether different from a conciliation board. The point I want to make is that there are two objections to the present procedures as far as the trade union movement is concerned. The first is that under the act the offending party cannot be taken to court without the consent of the minister. Surely that is not the ordinary procedure in law. Surely an offence under the law is an offence, and a person has the right to take the other party to court when an offence occurs. He should not have to wait until the Minister of Labour decides whether or not he may go to court. In my opinion that is not the way British law, or for that matter Canadian law, is administered.

Mr. Mitchell: I think my hon. friend will admit that they have no laws like this in Great Britain.

Mr. MacInnis: I do not know as to that. The minister can catch me very easily when he asks about something about which perhaps neither of us knows anything. He knows I cannot say that is not the case, because I do not know. I have seen those tricks played before.

During the present session I have heard strong demands made on several occasions in this house that we should change the law that now prevents a person bringing the crown into court without the consent of the crown. Surely if that should be the case when the crown is concerned it should not be different in regard to organizations which under this act are considered as individuals. Now let us look at section 46 of the old act. In my view it is rather strange that the junior member for Halifax (Mr. Dickey) should take the worst of the sections that are proposed to be repealed in order to show why they should not be repealed. Section 46 reads:

(1) No prosecution for an offence under this act shall be instituted except with the consent in writing of the minister.

That is the Minister of Labour.

(2) A consent by the minister indicating that he has consented to the prosecution of a person named therein for an offence under this act alleged to have been committed, or in the case of a continuing offence, alleged to have commenced, on a date therein set out, shall be a sufficient consent for the purposes of this section to the prosecution of the said person for any offence under this act permitted by or commencing on the said date.

As a matter of fact here the Minister of Labour is acting as a judge of the law he is administering. If he says there is no offence, there is no offence, no matter how aggrieved one party to the dispute may feel. He never has an opportunity to take the other party to court and find out whether or not he has a case unless the minister consents. We had a case of that kind a couple of years ago, when two boards of conciliation appointed by the minister reported in terms as explicit as they possibly could that the employing company was responsible for the trouble. I am not sure whether or not the minister

was asked for leave to prosecute, but there was no prosecution, though in my opinion court proceedings should have been undertaken.

Mr. Mitchell: My hon. friend said the junior member for Halifax was mixed up. I am afraid my hon. friend from Vancouver East (Mr. MacInnis) is mixed up. He starts to talk about the labour relations board, and then he speaks about a conciliation board. I am no waif and stray in these things. I believe I know which way I am going. I believe I know the philosophy of the American Federation of Labor, the Trades and Labour Congress of Canada and the general labour movement of North America. I believe my hon. friend should stay with the labour relations board. I know the board about which he is talking. It was a political strike, the Canadian seamen's strike.

Mr. MacInnis: I am afraid the minister is putting himself in a spot right there. If I referred to the Minister of Justice (Mr. Garson) instead of the Minister of Labour it was a slip of the tongue, and a slip of the tongue is no fault of the mind. The Minister of Labour says, "Oh, it was the seamen's strike." Just because the Minister of Labour did not like the seamen or their organization, they could not get their case taken to court.

Mr. Mitchell: I must rise on a point of order.

Mr. MacInnis: If you would sit down, you would not get into all this trouble.

Mr. Mitchell: I must rise on a point of order. I have never refused prosecution by any organization since this legislation has been on the statute books. I believe in conciliation and not the settlement of disputes before the courts.

Mr. MacInnis: That is not a point of order, that is an argument. After I am finished, the minister will have the remainder of the evening to make all the arguments he wishes. Then, he will have some evenings later on in the session, so he should not take my time in making arguments—arguments which, after they are made, have nothing in them anyway.

I merely rose tonight to make the two points, that the member for Bow River (Mr. Johnston) was not considering the proper board and that we should not have a law on the statute books of Canada the enforcement of which is dependent upon the will of the minister.

Hon. Humphrey Mitchell (Minister of Labour): Mr. Speaker, there is five minutes remaining, but I cannot finish in five minutes.

I disagree completely with the approach of my socialist friends, and let me say that very frankly.

Mr. MacInnis: I disagree with the approach of my capitalist friend.

Mr. Mitchell: This is a free country.

Mr. MacInnis: Of course it is.

Mr. Gillis: Will the minister permit a question before he gets into deep water?

Mr. Mitchell: I have not said anything yet.

Mr. Gillis: With the minister's permission, I should like to ask him this question: This bill is not socialist philosophy, you know that. Are you aware of the fact that the bill was scrutinized and approved by the representatives of 300,000 industrial workers in Canada? That is their philosophy.

Mr. Mitchell: That is all right; my friend cannot speak for 300,000 people. I have heard a lot of things in election campaigns.

Mr. MacInnis: You said a lot of things in the election campaign.

Mr. Mitchell: That is all right; you do not like to hear these things.

Mr. Speaker: Order.

Mr. Mitchell: I disagree fundamentally with my hon. friends in the thought that you can negotiate labour agreements on the floor of the House of Commons. That was tried in Germany, and at the very moment it is being tried in France. My mind goes back to my old friend, Sam Gompers, who said, "The truth is still the truth, it does not matter what year it is." He said:

> I want to tell you, socialists, that I have studied your philosophy; read your works upon economics, and not the meanest of them; studied your standard works, both in English and German—have not only read, but studied them. I have heard your orators and watched the work of your movement the world over. I have kept close watch upon your doctrines for thirty years; have been closely associated with many of you and know how you think and what you propose. I know, too, what you have up your sleeve. And I want to say that I am entirely at variance with your philosophy. I declare it to you, I am not only at variance with your doctrines, but with your philosophy. Economically, you are unsound; socially, you are wrong; industrially, you are an impossibility.

Now, that is a quotation from the proceedings of a convention of the American Federation of Labor held at Boston in 1903.

In introducing this bill the other evening, my hon. friend used these words:

> If the dispute between the two parties cannot be resolved, the board is powerless to do anything except let the parties go back to fighting it out on the streets.

Mr. Gillis: That is as it is now.

Mr. Mitchell: That is, as it is now. What my hon. friend is preaching there, probably unconsciously—

Some hon. Members: Oh, oh.

Mr. Mitchell: I say that analytically, not in a critical sense. The hon. member is preaching compulsory arbitration. He knows as well as I do that the labour movement of North America, even the 300,000 people of whom he has spoken, is opposed to compulsory arbitration. I am talking trade union language now. Let the lawyers, with all their faults from some people's point of view, speak about the law. My hon. friend knows that this bill has been on the statute books since 1948. I think it has worked reasonably well.

Mr. Gillis: It has not worked at all.

Mr. Mitchell: My hon. friend says that it has not worked at all. Look at the picture to the south of us; look at the picture in other countries such as Australia, Great Britain, if you like, or New Zealand, that second heaven of my hon. friend. I believe the good sense used is responsible for our situation. I do not take credit for it, nor should this parliament altogether. The credit should go to the partners in industry. This piece of legislation was passed in 1948 after consultation with every province in Canada, after consultation with every trade union centre in Canada, and after consultation with representatives of industry and commerce.

By and large, I think we did not do a bad job. My friend was a member of the labour relations committee. He did not get everything his way, nor did I get everything my way. I think he will agree with me that is the genius of British institutions. In this House of Commons the spirit of compromise is the guiding formula on any question that comes before it.

Mr. Speaker: The hour for private and public bills having expired, the house will resume consideration of the business before it at six 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. Rowe, and the amendment to the amendment of Mr. Thatcher.

Mr. T. L. Church (Broadview): Mr. Speaker, I believe about fifteen minutes of my time remains. At six o'clock, I was speaking on the amendment which has been moved by the hon. member for Dufferin-Simcoe (Mr. Rowe), with reference to the immediate calling of an interprovincial conference as well as a meeting of the commonwealth countries and crown colonies to discuss the sterling situation which is causing so much trouble between the dollar countries and the sterling countries. The amendment speaks for itself.

As you know, a dominion-provincial conference could be called immediately. Most of the provinces have recently elected new prime ministers, although some of them are holding elections almost immediately. In my opinion, there is no reason why a dominion-provincial conference should not meet at once. I am surprised that the Prime Minister has not already called such a meeting. As my hon. leader very wisely said, there is no reason why such a conference should not be called immediately. You are going to make a scrap of paper out of the whole British North America Act. You have the cart before the horse. The conference should be held now or never, and now and forever or not at all.

I was referring to the amendment moved by the hon. member for Dufferin-Simcoe (Mr. Rowe). In it he spoke about calling a commonwealth conference immediately for the purpose of discussing with our best customer, Britain and the dominions and colonies—what? The sterling situation. Are we to toss our best customer clean overboard? She has been our best customer all these years. Hon. members will recall that preferential trade was started by the Liberals themselves. You are not supporting the Liberalism of the past.

As I say, this house should not be a rubber stamp. A great many of the younger members come up from the municipalities. We hope there will no longer be yes-men and nodders in this house. Dear knows we have had them long enough. While I am a party man, and support Conservative principles, I am not a bigoted party man—far from it. I think I have shown that ever since I first entered the house. An immediate conference should be called with the dominions and the crown colonies. All these countries should get together and map out a program so that we shall not lose our best customer. I do hope that something will be done about it.

In this debate reference has been made to many matters. During the debate on human rights and also on March 24, 1938—hon. members will recall that date—before the second war started, I said almost the same thing. I do not agree with the Prime Minister (Mr. St. Laurent) who said there is no great danger of a war for five years. He corrected that the other day. When you consider

this fact, as I have already said, thanks to Russia the world is faced with two kinds of warfare. One is the atomic bomb which has been perfected by the United States. The Soviet union has devised a more powerful instrument, the cold, brazen, weaponless war and she conquers without destruction. By this method of warfare ten satellite countries have been subjugated and put behind the iron curtain. Let us face the facts and let the public know the truth, the whole truth and nothing but the truth about this problem. This should be read into the remarks of the Prime Minister the other day. They have got all these countries now behind the iron curtain, and under the threat of aggression they will have the entire world, including those countries of the UNO, in a restless fear of destruction. There is something new in warfare—this struggle for survival. This is only a war of camouflage and it lulls us into a false sense of security in the western country. This cold war and its technique is brilliant as applied by the communists. They know that fear is what scares the satellite countries. They have scuttled pretty nearly the whole of Europe and the rest take it for granted and have taken it for granted until recently. That is the situation which should be faced. There may be trouble in time. For that reason I am of the opinion that the Prime Minister was altogether wrong when he said that there would be five years without war.

I can say this, as I said before: democracy never dies; it perishes from neglect. Militant communism is on the march westward. I want to emphasize the very grave danger this country is in at the present time, as well as this continent and the whole world. Not since the days of Munich has the world outlook been so depressing. Not since the days of the barbarian invasion has Christian civilization faced such a menace as the ruthless advance of communism. These are times that try men's souls. The communists have overrun the Balkan states. Yesterday it was Poland and Austria. Today it is Czechoslovakia and Finland; tomorrow it may be Italy, China, Spain or France. Nations that have experienced the brutality of oppression are now experiencing the cruelty and horror of soviet nightmares. "Their fate", says H. H. Schlact, an American, "will be ours unless we wake up right now. In one generation our dauntless manhood has bled twice and many of them have died on foreign battlefields. They fought to destroy the roots of the insatiable ambitions of fiendish tyrants who sought to enslave humanity."

It is sad to contemplate that after such terrible conflicts we should be faced with such grave events. Russia has the largest army and the largest air force. She does not maintain this mighty military machine for defence; for no one threatens her. She maintains this mighty armada for aggression and attack and conquest. Russia will attack us when she thinks we are weak. She will never attack us if we are strong. While our lawmakers talk, ponder and debate our national security, Russia is relentlessly weaving her web of intrigue and violence wherever she can obtain a foothold. She challenges our physical courage. She challenges our moral fortitude. She challenges our culture and our church. Our democratic way of life is threatened by communist concepts.

Let us sound the clarion call for national defence. Let us summon every true Canadian, every Britisher and American, to fight for national defence. There is little time left; there is no time for timidity. To be free we must be strong. Preparedness is not a war policy but an insurance policy for peace.

In the debate on foreign policy in the British House of Commons Mr. Churchill distinctly said that he never consented to what was done by inviting Russia to come in on the Pacific ten days before Japan collapsed. He never consented to that. That was the idea of the United States. What did she do? Russia was invited in, although Japan was already beaten. This is all referred to in the debates of the British House of Commons on July 21, 1949, and takes up sixty pages of *Hansard*. I am sorry I have not time to read it tonight. Russia went in there. At that time she had half a million troops in Manchuria. She has now overrun the whole of Asia. She has China and many other places.

I now wish to refer to the Bell Telephone matter. I have about five minutes of time left to deal with that particular matter. A committee of the House of Commons considered this matter two years ago. As a Conservative I strongly opposed the Bell Telephone bill in the house. I was the only one who opposed it on division when the bill was passed. The time has come for the government to be represented by counsel before that body. I remember away back when I was a young alderman in council in 1909 Hon. Mr. Justice Mabee, chairman of the railway board, heard the case at the city hall. At that time the board of control would not do anything about it, and as a young alderman I took the case myself before Mr. Justice Mabee. What did he do? He issued a flat rate for greater Toronto. Citizens were paying as high for telephone bills as $185 a year for business phones, and $95 to $100 for resident phones in the suburbs. Mr. Justice Mabee passed a flat rate for the whole of greater Toronto. He was once a great Liberal and

a great chairman. I have every confidence in the judges, but you need somebody who will take over and do what the late Mr. Justice Mabee did. We have another opportunity of taking up these matters. I do say that the government should be represented by counsel before the board of transport commissioners when this case is heard. They should oppose the rate; they should oppose any increase. I moved in committee that there be no increase for three years. The workingman will not be able to have a phone—no one will be able to have one. Their stock was at 140 and it went to 183. Then it was split five for one and was quoted at 25. Now it is 42½—and you can see the results.

It has only been in Ontario and Quebec where they have any jurisdiction, because the other provinces have their own telephone systems—and have made a success of it. I say in conclusion that the case should be fought, because these increases are going to have a serious effect. I can remember when the hon. gentleman who used to represent the constituency of Davenport, and I, pointed out that in the villages and towns of western Ontario signs stating "Closed Until Monday" were posted. I pointed out that the telephone system was part of the post office department in England, and that over there they had boxes on the street from which a person could phone for a taxi. And it was as a result of this action, along with that of the hon. member who used to represent that constituency, Davenport, Mr. MacNicol, that we got telephone boxes on our streets in our cities and towns.

For the reasons I have stated I say the government should be represented by counsel and should oppose any increases for three years. There should be no increase at all. The public cannot pay it, and it simply means that the working class in Canada will not have phones—or if they do have them, will have them only at prohibitive prices.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, I shall try to stick as closely as possible to the matters coming within the scope of the budget. I listened to it on a previous occasion and heard it discussed. I am not unmindful of the fact that since that time there has been an election at which the government was returned to power with a substantial majority. Nevertheless I believe considerable criticism can be levelled at the budget, as such.

The first point I should like to make is one we have made on many occasions, namely that the budget as brought in by the minister is merely a bookkeeping statement for the past year. We have recommended from time to time—and I repeat it tonight—that in a country which has just been through a war, and which is still in the process of bringing its economy back to a peacetime basis, where there is considerable unemployment throughout the country, in addition to bringing in a statement showing expenditures and anticipated surpluses the minister should also bring in a capital budget. The government has taken the position from time to time that, while it does not agree with the principle of having the government in business, where free enterprise failed they have been prepared to take up the slack. They have been doing that to some extent, but not in the manner in which we would like to see it done. I say the minister should be setting aside large sums from surpluses which have accumulated from budget to budget since the war. He should be picking out those spots in Canada where the economy needs a lift, and where the edge has been taken off industry. He should be presenting to the house a plan to be effective from coast to coast whereby, although he might not step on the corns of free enterprise, he would take action where free enterprise has failed to make good where it felt it was not profitable to invest money. Thereby he would give us a national plan across the country under which we would spend in given areas certain sums from our surplus, to enable the people in different parts of the country which are considered depressed to make plans for the future.

This would give employment offices an opportunity to plan employment. In my opinion that kind of budget is absolutely necessary. I notice that in some provinces, particularly in Nova Scotia, that kind of action is now being taken. In addition to the regular budget of the last session of the Nova Scotia legislature, the premier introduced one just as I have described.

This is one respect in which the minister's department has fallen down. He did not consult with the other departments—public works, mines and resources, or any of the others—nor has he given us any idea of what the government had in mind in the depressed areas.

The second point to which I would direct the minister's thoughts is connected with the removal of the 8 per cent sales tax on fuel oil. The assumption by most people is that they are going to receive the benefit immediately of an 8 per cent reduction in the cost of fuel oil. I believe I am safe in saying that the majority of distributors, those who sell to the consumers, never knew there was a sales tax. So far as I can gather it went directly to the oil companies. Whether that saving is going to be passed on to the consumer remains to be seen. I suggest that some time before the end of the session the minister should make some decision in

this matter. I believe the assumption in his department was that in taking off the 8 per cent sales tax the saving would be passed on to the consumer. Today however there is no indication of that, and some decision should be made in the matter. I shall have more to say about it at a later time.

May I now direct a few words to the hon. member for Maple Creek (Mr. Studer), who spoke in the house last evening. He is a new member, and as I sat and listened to him I noted that most of his discussion was directed to ridiculing other groups not seated with the government. He made some disparaging remarks about splinter groups, and in his view it seems that it was because everyone was so far off the mark and so politically unwise that we now have this huge majority on the government benches.

Because he is a new member I forgive him for much of what he said. Before he is here long however he will find that the House of Commons is one of the broadest forums it has ever been my privilege or will ever be his privilege to attend. It is a forum in which one's measure is taken rather quickly. If one is inclined to be small or mean in his approach to problems in the house, or in personal attacks, he does not get very far in the House of Commons.

I thought that the hon. member's references last night to splinter groups were uncalled for. Let me remind him that, as far back as one can go in the records of history, one finds that it was the small groups, who were not self-seeking, who were not looking for something for themselves, but who were pioneering for social reform, who have been responsible for all the reforms in the history of the world.

It was only yesterday afternoon we sat in the House of Commons, with hon. members from the other place and the public at large —among whom was the hon. member for Maple Creek, I have no doubt—and listened to and applauded the Prime Minister of India. He was a splinter, he stood alone for a long time in that country. He spent over eight years in British prisons because he fought British imperialism. But despite that he carried on, he advanced his ideas and stuck by his principles. Today he is the oak tree of India, the man who will perhaps have the greatest influence on the future of the world.

I would remind the hon. member for Maple Creek (Mr. Studer) that that kind of approach in this House of Commons does not go down too well. We respect everyone's opinion in a matter of this kind, and sometimes I even agree with the Minister of Labour (Mr. Mitchell). I think he has the right to hold whatever opinion he wishes.

Last evening the hon. member thought that it was because of political immaturity and a nonsensical approach to things that the government was so large and the opposition so small. I would remind the hon. member that it is not good enough to get up and make statements of that kind in this house if he has not the necessary facts to put on the record to support them. When I went upstairs I picked up a western newspaper which I am sure is quite friendly to the government, a newspaper that would not want to put out propaganda. A report in this newspaper refers to figures put out by the dominion bureau of statistics which show that farm income in 1949 had increased by 14·7 per cent over the figure for the same period last year. I should like to read a few of these figures which might indicate why the government was able to influence the western vote in the last election. I am not suggesting that anyone was bribed, but I do suggest that these figures are thought-provoking. The article reads:

> Canadian farmers realized a cash income of $1,056,500,000 from the sale of farm products during the first six months of this year, according to preliminary estimates released by the dominion bureau of statistics.
>
> This was 14·7 per cent over the 1948 cash income of $921,400,000 for the same period and an increase of 45·9 per cent over the $724,300,000 received during the first half of 1947.
>
> In addition, supplementary payments amounting to more than $9,000,000 were paid out, during the first six months of this year under the provisions of the Prairie Farm Assistance Act, to farmers in the drought-stricken areas of the prairie provinces. This compares with nearly $10,000,000 in 1947 and more than $15,000,000 in 1948.

The first six months of this year would bring us up to June. The western farmers have received these benefits under prairie farm assistance, P.F.R.A., and all the other A.A.'s they have and I suggest that if everyone in Canada was treated as fairly by way of bonuses and subsidies and supplementary payments—it must be remembered that a large proportion of those particular payments went to the province from which the hon. member for Maple Creek comes—

Mr. Sinnott: Perhaps if they took as many chances things would be different.

Mr. Gillis: The hon. member is a reeve now, so he should watch his dignity.

Mr. Sinnott: Labour never takes chances.

Mr. Gillis: I am not suggesting or insinuating anything; I am merely putting a few facts on the record and will allow hon. members to judge for themselves whether it was political immaturity and nonsensical arguments on the part of the splinter groups or irresponsible action that is responsible for the large majority the government has in the house. Or, on

the other hand, was it the spending of the taxpayers' money in certain areas where the government was weak that had the greatest influence in sending to this house a large number of Liberal members from the prairie provinces? I ask the hon. member for Maple Creek to think that over.

From time to time we hear arguments that we are prosperous, that we are going forward, that we have a decentralized economy, that there is no monopoly and that everyone has an equal opportunity. That argument was advanced on several occasions during the war and has been since. It was said that there was a great levelling off of income in Canada and our provinces were assured equal treatment in the distribution of the national income. I should like to focus attention on this for a few minutes, not in a critical way but merely to provide some food for thought.

I have in my hand a little booklet that was issued in 1943 by the National Liberal Federation of Canada. This book contained a question and answer set-up which was attractively done and nicely worded. I intend to quote very little of it, but there are parts that have a bearing on the subject of commercial failures to which I should like to direct attention. The soldier was being asked what he wanted to come back to, what kind of Canada he wanted to come back to, and he is supposed to make this answer:

> I remember my father telling me how the little business he tried to start collapsed during the inflation of the twenties, and he had to begin all over again.

Then this statement is made:

> That will be avoided this time. To help pay for the war as it is being fought, your government has made such laws as 100 per cent tax on excess profits, heavy income taxes on large and medium incomes, compulsory savings on all taxable incomes, borrowings through six victory loans and through the sale of war savings certificates.

That was correct at that time. The statement continues:

> And your government didn't stop there. Price ceilings and controls have held down the cost of living, so that when you get back into civilian life you won't be shunted into a topsy-turvy world of high prices and uncertain values.

That was in 1943 when all the machinery described in that booklet was in operation. It worked at that time and it could have worked in the post-war period. When the soldier came out of the service he remembered that he had accepted literally the statements and promises which had been made in the literature distributed to him. Many of these boys went into small businesses. They took their gratuities and credits and set themselves up. I have in my hand some figures from the dominion bureau of statistics which indicate the trend in commercial failures in this country.

[Mr. Gillis.]

Mind you, it is not Canada Packers who are failing. It is not Dominion Steel and Coal or International Nickel who are failing. It is the little fellow, the man who did not have much capital behind him who has been swallowed up by the octopus that is able to squeeze him dry. I know some of these boys who have taken what they had saved during the war to go into little businesses but who have been squeezed out because of a lack of capital. Here is the trend in commercial failures in this country as indicated by this article, which reads:

> Commercial failures in the first half of 1949 were the highest in number for the similar period since 1941, while estimated liabilities amounted to $8,725,000, a gain of 22·5 per cent over 1948 and "the highest for the first six months of any year since 1934 when the economy was just starting to recover from its lowest levels," according to the dominion bureau of statistics.
>
> Nearly all branches of business showed increases in failures. For example, as compared with last year, trade and manufactures increased 14 and 21 per cent respectively. Furthermore, all areas, except Ontario, shared the increase.
>
> Maritime Failures Double
>
> "There were eleven failures in the maritimes as compared with six last year," the D.B.S. report states. "Quebec showed an increase of 57 to record a post-war high of 380, while the number of failures in Ontario declined from 67 to 59 in the same comparison.

Then the article deals with the prairie provinces. That is not a good trend and, as I pointed out, I think legislation should be enacted to halt it. I mentioned a moment ago that many of our service personnel were encouraged to invest what capital they had in small businesses. The promise was made that the price control machinery and other such machinery as we had during the war would protect them, and would if it were still in existence. The right of the government to fix prices and regulate production and the allocation of materials and supplies to some extent would have protected them, but we did not live up to the promise. When we threw that machinery in the discard on the cessation of hostilities we left price fixing and the distribution of goods and services across the country in the hands of people who have sufficient control over everything that is produced and distributed in Canada to say who is and who is not going to get it, what price you are going to pay for it, and what the mark-up will be.

With that kind of machinery small businesses, which we should be encouraging and protecting, are gradually being pushed out of the picture. As the figures I have quoted are official, inasmuch as they come from a government bureau, I suggest that the minister should take the matter under consideration and try to devise some machinery

whereby small businesses with limited capital may be enabled to remain in operation, because that is the kind of business that we want to encourage in Canada.

The next point to which I should like to draw the attention of the minister and the government is the matter of the distribution of income. The hon. member for Maple Creek (Mr. Studer) suggested that income was distributed fairly equally across the country, and that the government had achieved a balance in the whole economy. I have some figures here which also come from the dominion bureau of statistics. They have to do with per capita income by provinces and indicate the standard of living. While it is not an accurate measurement, nevertheless it is a pretty good indication of what the standard of living is in the various provinces.

I should like to point out for the benefit of hon. members that the national income of Canada is far from being equally distributed and, mind you, the trend is downward since the end of the war. I wish to cite a few figures. In British Columbia and the Yukon, for example, per capita income has declined by 9 per cent from 1945 to 1948. Alberta has gone up by 14 per cent. Saskatchewan has gone up by 13 per cent. Manitoba is up by 3 per cent. Ontario has gone down 11 per cent. Quebec has gone down 3 per cent. New Brunswick has gone down 9 per cent. Nova Scotia has gone down 15 per cent, and Prince Edward Island has gone down 9 per cent. This is a matter which I should particularly like to draw to the attention of members from the maritime provinces. I have not the figures for Newfoundland but I imagine they are even worse. In 1948 the per capita income for British Columbia and the Yukon was $661, Alberta $643, Saskatchewan $601, Manitoba $610, Ontario $694, Quebec $506, New Brunswick $410, Nova Scotia $440, and Prince Edward Island $354.

These figures indicate to me that the per capita income of the maritime provinces is approximately 33 per cent below that of the rest of Canada. That means that the standard of living in those provinces is 33 per cent lower than it is in the rest of Canada.

Mr. Browne (St. John's West): I do not think that is right.

Mr. Gillis: These are dominion bureau of statistics figures.

Mr. Browne (St. John's West): It is not an exact reflection of the standard of living.

Mr. Gillis: That is the per capita income and figures do not lie. I suggest that there must be serious planning by the government to increase the standard of living of the maritime provinces. Mind you, we are not asking for charity because that part of the country at the time of confederation was the most prosperous section of Canada. As I pointed out a few nights ago, since confederation there have been over 200 industries siphoned off from the maritime provinces and centralized in Quebec and Ontario, and that trend continued right up until 1943. Many of them were not small industries. One that was shifted into Montreal in 1943 was a plant that had operated previously at Trenton, Nova Scotia, and had employed some 1,600 men. It had been operating there for approximately thirty years. The hon. member for Inverness-Richmond (Mr. Carroll), who was on the bench at that time, wrote a report on that particular operation which was a strong condemnation of governments which would permit the siphoning off of an industry of that kind. He stated that if one-third of the money spent on moving it into Montreal had been spent on modernizing the plant where it was it would have been a better operation where it was than in Montreal.

When I say we are not asking for charity, we are asking you, by establishing subsidiary industries in that section of the country, to try to give us back at least 50 per cent of the industries that were stolen from us. That is not charity; it is restoration.

Mr. Graydon: Restitution.

Mr. Gillis: Or restitution. There is a way that it can be done. The government is doing it now to some extent but someone else reaps the profits rather than the people of the maritime provinces. I said a moment ago that I would say something about coal. I listened to a discussion in the house about abolishing the smoke nuisance in the city of Toronto. I heard the Minister of Transport (Mr. Chevrier) say that the intention of the railways is to replace, as rapidly as they can, steam engines with diesel engines burning oil. One of the basic industries of Nova Scotia is coal, and one of the largest customers for that coal is the Canadian National Railways. In effect the minister said that as soon as they can do it that market will be taken away. The development of the use of oil in Canada from coast to coast definitely shows that for steamships, railroads and domestic purposes oil is the coming thing in the near future.

Well, while you are solving that problem you are creating another: what are you going to do with the coal industry? I suggest the time has arrived when the government should be examining the possibility of other uses for coal rather than just burning it and letting it go up in smoke. The oil resources of this continent are not unlimited;

anyone who examines the matter closely will see that. With the developments in the air, in which fuel oils will be necessary, and with the present trend to use oil for everything else, the resources of this country can be depleted very quickly. So I suggest that at this time the government should be probing the possibilities of producing oil from coal. The whole industrial set-up of Germany was based on the extraction of the by-products of a very inferior grade of coal, but very little is being done in that field in this country. During the past year or two the government have spent a great deal of money on research in other directions, but nothing has been done about research in that field, which goes to the very base of the economy of this or any other country. If tomorrow the United States decided to keep in their own country the twenty-six or twenty-eight million tons of coal we import every year, within a couple of months practically all our industries would be tied up. We do not have the fuel ourselves. Britain's big problem since the end of the war has been lack of fuel. When Henry Wallace came back from Europe two years ago, when the Marshall plan was being talked about, he made the statement that if we could send fifty, sixty or a hundred million tons of coal to Germany in order that they might get their own plants and factories into operation, that would be the best contribution we could make. Apparently we are not going to appreciate this problem until we run smack up against it some time.

In other fields the government is spending a good deal of money on research, and rightly so. I am not objecting to it, but I am going to make a comparison. In the development of atomic energy and jet engines, on the national research council, on agriculture, fisheries, forests, aerial photography and that kind of thing, the government spent $81,857,000 on research in 1947-48. But to provide for the fabrication, erection and equipment of hydrogenation plants to do the kind of research I am suggesting, the bureau of mines spent $4,500 on an engineering design. The expenditure for research in that field actually made in those two years was $3,090, which shows that the problem is absolutely not considered by those who are in a position to have that sort of research carried on. With the oil development in Alberta the coal industry of that province, which is represented here by the hon. member for Bow River (Mr. Johnston), will be nearly wiped out within the next year or two.

It is true that these are matters coming under provincial jurisdiction, yet I say it is time the national government began to pay some attention to that field, because the coal industry of this country is a great national asset. It can be used for many purposes; and I leave that thought with those who are responsible for it.

Now I want to offer what I believe would be an immediate solution for the problems of Nova Scotia, and what I think would give the maritime provinces generally a very great lift. I suggest that the government should be considering the immediate expansion of the steel plant at Sydney. I am not guessing on this; I have my statistics again. Iron ore in the United States, where they carry on some terrific steel operations, is running out. The greatest iron ore deposits in the world are over here in Ungava. I could quote statements indicating that before very long the major steel plants of the United States will be shifting to the eastern seaboard, to New Hampshire and Maine, in order to be close to the raw materials in Newfoundland, which they pretty well control now, by remote control, through front companies in Canada.

This government has given a great deal of money, by way of subsidies and grants, to the operating steel industry in Canada; that is, to Algoma, Stelco and Dosco, which are supreme in the field of steel. I have all the figures here, and I am going to summarize them. From 1939 to 1948 inclusive government subsidies to the iron and steel industry amounted to $51,776,483.65. That is not peanuts. Special depreciation allowance to Stelco, Algoma and Dosco from 1939 to 1948 inclusive amounted to $14,128,447.40. Net profits after taxes of the three operating companies I have mentioned, for the same period, were $58,981,586. The operation of these major steel plants has been quite costly to the taxpayers of this country; but the figures I have just given show that if it had not been for government assistance these companies would have had an operating deficit of some $7 million during that period.

What does this indicate? To me it indicates that an industry in which the Canadian people have such an investment—because after all that is our money—should have some measure of government management. There is no reason why a board of directors we never see, responsible to no one but themselves, should be spending this amount of public money in that industry and taking those profits because they are subsidized to that extent, without the government having some say in the spending of the money and the expansion of the industry.

The problem is not fabricated steel but raw steel. At that very point we have coal, and we have the iron ore just a few miles away across the gulf. We have the boats to carry the ore. Why are not the facilities expanded

for the making of raw steel? Why are we now, under whatever measure of steel control we still have, compelling Dosco to ship that raw steel back to Stelco and to Montreal for fabrication? Why are we not going after the overseas market? There will be a market for raw steel overseas for a long time to come. The logical market for that part of the country is the overseas market; and I suggest that with this amount of public money invested in that industry the production of raw steel should be stepped up. The Minister of Trade and Commerce (Mr. Howe) is a man for whom I have very high regard, a man who has carried a terrific load during the last ten years. On a good many occasions I have heard him say that steel was our main bottleneck, and that the production of raw steel would have to be increased. Why is that not being done? Why is not the government in a position to say to the operating company at the Sydney end of it, particularly, that they shall do nothing but turn out raw steel? Why is the government not in a position to say that the plant must be expanded? The government is paying out enough money, so let us step up the facilities and go after the overseas market.

My time is drawing to a close. I just wanted to leave these few suggestions with the government; but before I conclude I want to say this. During this debate, I have heard considerable discussion on the matter of trade. Much of the emphasis was on our export markets. A country that exports one-third of its total production will have to have export markets; there is no doubt about that. But what about the home market? What are we doing about that? I suggest that before any country commences advising the people in some other country what they should do, it should put its own house in order. There are ways by which we could create a greater internal consumption in Canada.

One of the things upon which I should like to focus attention is that of increasing our old age pensions. In this country there are approximately 200,000 old age pensioners. These people now receive $30 per month, with a supplement of $10 per month where there are extenuating circumstances. Why could we not step that up to $50 per month? Why could we not lower the age to the minimum that has been suggested, 65 and 60? Immediately someone will say that the bill for this would be tremendous. Fifty dollars per month is not a large sum of money, as anyone who is living in Ottawa knows. It will just buy the necessities of life for an old lady or an old gentleman. It will buy a bite to eat, and that is all.

If that additional $20 per month were given without a means test, it would mean those people would have $20 per month more to spend. There are 200,000 of them. All this money would go towards buying the essentials of life. The lowering of the age limit to 65 would lay off men and make employment for younger people who could produce more. In the final analysis, the younger people should be kept in the fields in which productivity is necessary. If we did that we would not be facing the problems that we are facing today, with no one responsible for the aged or the charitable contribution that the old age pension has become. You have to be old to get it, three score and ten. Then there is the means test, of course. I believe that is something we can do. The money would not go out of this country. It would be spent in this country. It would create employment for the younger people, who would produce more. It would start to turn the wheels of industry.

The thing which we must keep in mind is that it is necessary to keep up the standard of our people. If we are going to weather the storm that is ahead, we must have full production. All this talk one hears about communism, bolshevism, and all these other isms, does not bother me. I am not particular about the tags, and I never was. I like to see things done. If we can show the people in the outside world that our system is working, our people are happy and, basically, things are not bad, there is no need to fear any other philosophy. It is the little irritations, such as the means test in old age pensions, that keep the people upset. Those things make it easy for any demagogue who wants to come in and sell his line of chatter to them.

I have not sufficient time to go into this question of devaluation. I want to say emphatically, however, that so far as devaluation is concerned Britain was forced into it by the United States in order to sell her produce there and in this country. The devaluation of the pound was a last desperate move for survival on the part of the United Kingdom. It did not solve anything. The devaluation of our dollar by ten per cent raises by that amount the cost of everything that comes in from the United States. The minister should not be surprised. He has been devaluing the Canadian dollar since 1945—since 1939, in fact—in terms of purchasing power. In the field of food, in which about eighty per cent of the income of the lower income groups is spent, the dollar has been devalued by about fifty per cent. In the over-all picture, it has been devalued by about thirty-five per cent. In the field of housing—well, it has gone out of existence.

We should not be surprised or shocked, therefore, that Britain has been forced to make that move in order to assure economic survival.

I notice, Mr. Speaker, that you are getting restless. I do not want to impose upon the house. I hope the minister will read my remarks in *Hansard* and attempt to correct some of the injustices I have been trying to describe.

(Translation):

Mr. Andre Gauthier (Lake St. John): Mr. Speaker, this being the first time that I have had the honour and privilege of speaking in this house, it is fitting that I should do so in French. I wish to take this opportunity to congratulate you upon your accession to the high office which you now hold. I also wish to congratulate particularly the Deputy Speaker of the house who so worthily represented my constituency during the last four years before the present parliament was called.

It is my heavy responsibility to take his place as the representative of my constituency. I trust that bearing in mind the high standard which he set in parliament during those years, and fully aware of the responsibilities of my office, which I have accepted entirely, I shall not be the cause of too much disappointment.

Geographically speaking, the constituency I have the honour to represent is situated in the north of the province of Quebec, forming a semicircle around the great lake St. John. Father Jean de Quen set up the cross there more than three centuries ago.

The population of the constituency, almost entirely of French descent, is half agricultural and half industrial. The hydroelectric development at Maligne island and the imminent harnessing of the Peribonca river portend a great industrial future for my district. The farming community, sound and intelligent, has kept the best French traditions. It is a fact that the highest average number of children per family for the whole of Canada is to be found at Notre Dame d'Hébertville, a fine agricultural centre. That half the population of that locality should be of school age is therefore not surprising.

Aluminum production of Maligne island and the pulp mills of River Bend bring well deserved earnings to an industrious and law-abiding class of workers. At both latter points, the English-speaking people of my riding live in perfect harmony with the French-speaking population. This is a living example and a concrete symbol of that unity which must and does exist throughout Canada.

Lumbering, related and subordinate to the paper industry, is generally prosperous though at the present time there is a rather marked drop in employment, due to the uncertain British market. Moreover, pulp companies, having accumulated substantial reserves, have seen fit this year to do much less wood-cutting, hence the considerable rise in unemployment. It might be felt that unemployment insurance will come to the rescue of these men in their temporary difficulties but such is not the case. This timber industry does not fall within the jurisdiction of the commission and those who are deprived of their usual livelihood are in urgent need of help.

I realize, Mr. Speaker, that the government is not responsible for a situation like this one. I am confident however that once it is made conversant with the facts, the government will, in order to remedy the situation, immediately undertake certain public works which were planned during the past few years. Such projects already exist in many parishes of my county, particularly in St. Joseph d'Alma.

Up to now my requests have been favourably received by the Minister of Public Works (Mr. Fournier) and I wish to thank him for the first results obtained.

Since lumbermen are not exempt from the fluctuations of employment, they should receive the attention of the Department of Labour. The department should, immediately and without taking into account the representations of certain pulp and paper companies, apply the Unemployment Insurance Act to the lumbering industry. That would prevent a recurrence of what is going on at present.

Mr. Speaker, I should like to say a few words about my elderly constituents. Most industries seem to have made it a rule to turn down requests for work from people over 65 years of age. If men can no longer earn a living at 65, then this is the very age at which the government should grant them a pension, so they will not come to want. All old people should be paid a pension without the means test—as is being done now in the case of family allowances—or without sacrificing any nest egg they have set aside for their old age.

Mr. Speaker, the members of all parties in the house are unanimous in proclaiming the autonomy of our country, both in the national

and international spheres. But we should assert our sovereignty in the economic as well as in the political field.

Our trade policy must be resolutely and firmly directed towards Canada's best interests, even if it means the sacrifice of traditional markets often preserved for sentimental rather than practical reasons. The Geneva agreements and the Annecy negotiations are a step in the right direction. In this respect, I am happy to congratulate the government while urging that this policy be pursued still further for we cannot always expect to link two great economic powers. Fortunately, the policy of the government has put us in a better position to play the important part for which we are fitted in the field of trade.

Mr. Speaker, I know that in the minds of the Prime Minister (Mr. St. Laurent) and of the members of his cabinet, there is no room for any inferiority complex of a political or economical nature; it is in that spirit that I supported the government during the last election.

I do not belong to that generation whose only interest is to magnify the glories of the past, but rather do I belong to that generation which looks to the future, which, while it jealously guards the legacy left by its forebears, is anxious to enrich, improve, and develop it.

For this reason, Mr. Speaker, because the present government is going in that direction, I have every faith in the future of my constituency and in the destiny of my country.

(Text):

Mr. Pierre Gauthier (Portneuf): Mr. Speaker, being a Liberal and a democrat at the same time I think my first words should be to congratulate those who were elected yesterday in the eight by-elections held in Canada. In a democracy everyone is entitled to his own political opinion, and in respect of their political platforms I think we should congratulate them and convey to them our best wishes for success in the course of their political lives.

Tonight I want to say a few words on an industry operating in my own riding. I hope that the Minister of Public Works (Mr. Fournier) will give my request his best attention. In February, 1947, I wrote the minister a letter asking him to do something on the St. Lawrence river in order that the ferry from Lotbiniere to Deschambault, my home town, would have greater facility in carrying fertilizer produced in my constituency. This fertilizer is produced by the Deschambault Quarry Corporation of St. Marc des Carrieres. It is called the Deschambault Quarry Corporation because this parish was a part of Deschambault, and the limestone of Deschambault was used by this corporation and built up a fine reputation for St. Marc des Carrieres. The company erected a plant and started to produce fertilizer from limestone dust. Its trademark is "Calco". This company has been distributing Calco for twenty-five years. Every year for seven months of the year it has been shipping around fifty to sixty carloads of Calco a day. They are making improvements so as to be able to ship in the province of Quebec and into Ontario nearly a hundred carloads a day. In each carload is forty tons, therefore quite a large amount of Calco is distributed to the farmers of the district. This company is distributing on the south shore of the St. Lawrence, in the county of the Solicitor General (Mr. Lapointe), the county of Nicolet, the county of Quebec, and on the north shore in the counties next to mine, and has been shipping into Ontario and the lower part of the south shore of Quebec.

As I said, the company has been shipping around fifty or sixty carloads a day. To that must be added the hundreds of trucks which carry this fertilizer onto the farmers' land during seven months of the year. If I ask for improvements, if I ask that the channel be dredged from the north shore of Deschambault up to the St. Lawrence to allow the ferry to transport this Calco, it is a request that should be granted. The letter which I sent to the minister on February 18, 1947, contained all that I have said about the Calco producing company of St. Marc des Carrieres. The minister answered on March 5, saying that a survey by his engineering staff was to be made, and he gave me the result of the survey on April 21, 1947. He said the cost would be around $400,000. That is a large amount of money to spend. But when we think of the thousands of farmers using that fertilizer so as to make the land more productive I believe we would agree that the cost is not too high. I should hope that the Minister of Public Works (Mr. Fournier) might see that this work is performed next year.

I did not make any election promises. I have been working at this for a few years, because I have known it was absolutely necessary. I know my farmers want it, and that the farmers in the south shore counties along the St. Lawrence want it, too. I believe it is a necessity, and that the Liberal government should continue to give farmers the facilities they need to carry out their farming operations, and those operations of production necessary for the benefit of the Canadian people.

In the budget we see that the government is making many grants for many purposes including public health, research, physical fitness, scholarships, and scholarships to help the medical man attain a specialty in some branch or other of the medical field. For these reasons I believe I am entitled to speak briefly on a matter concerning which I spoke at the last session of parliament. I refer to the spread and enormous consumption of alcoholic liquors in our country. I know, and I am sure every hon. member knows, that if one wants to cure a patient of any illness or disease, the medical man must attack the evil at its source. If one concentrates his effort on the same symptoms he errs; he walks in a circle without attaining his goal, which is the betterment of his client.

With the permission of the hon. member for Lanark (Mr. Blair) I should like to quote what he said in a speech delivered in the House of Commons on March 4, 1949. Speaking with respect to national hygiene he said, as reported at page 1149 of *Hansard*:

> For years I have tried to use the debate on the address in reply to the speech from the throne as a vehicle to talk to the members, and to try to bring before them the necessity for some action to bring about betterment of health conditions in Canada, and a definite health plan for Canada. For this I offer no apology. It is not so much because of my own interest in these matters as it is that I realize there are conditions in Canada—

And the hon. member proceeded to mention hospitalization and the lack of opportunity for treatment—

> ——that make it a matter which should receive the attention of all members.
>
> We must recognize today that, with nations as with individuals, we are faced with the fact of the survival of the fittest, and if Canada does not raise the standard of health of her citizens to a maximum equal to that of any other nation she will fall by the wayside in international affairs. We must recognize a nation's health at its full value, not only from the human point of view, but from the economic side as well. We must realize that money spent on health is money saved.

And I allow myself to add that money spent on liquor is money lost. When he says we have to raise the standard of health of our citizens to a point equal to that of any other nation, we have to think that the best way to cure is to prevent, and the best way to prevent is to state bluntly, without any futile attack on anyone, the real situation concerning the spread of alcohol in our country.

Dr. R. G. Bell, who is an authority on alcoholic matters, stated in Toronto on March 2, 1949:

> As far as medical science can determine, there is no satisfactory solution for the alcoholic but total abstinence for the rest of his life—

This is a little drastic, but it is true.

> —and modern treatment is designed to make this possible.

[Mr. Gauthier (Portneuf).]

Let me quote another authority in this connection. In a letter sent to me by Dr. A. M. Campbell of Winnipeg, after I had made a speech in the house, he said:

> The menace of the spread of alcoholism to the character and health and future of our young people is one of the great questions of our times, and the means to combat it are so ineffectual.

I think he is right. And if the means are ineffectual, then I do not think everyone is taking the steps necessary to combat the abuse of alcohol in our country. Perhaps hon. members will recall that in a speech I delivered on February 22, 1949, I quoted Dr. Monin who was secretary of the comity of hygiene in France—and this goes back to pre-1900 days. He said:

> The truest word ever uttered on this subject remains perhaps that of Bucknill: "The drunkard drinks because he is insane. He is insane because he drinks."

Dr. Monin adds:

> Alcohol is a major factor in criminality. The investigations carried out by Mr. Yvernès show that the first principle violated by the drunk man is the respect of officials.

I do not see why a public man can utter sentences like these, and leave every facility to people within their own province to use as much liquor as they want, thus developing a lack of respect for the law, and giving even to children of fifteen years the opportunity to obtain liquor in any liquor dispensary, hotel or grill. If, as Mr. Yvernès said, the first principle violated by the drunken man is the respect of officials, then I do not see why we can talk about the respect we have for authority when we give such wide opportunities to everyone to obtain alcoholic drinks.

You know very well, Mr. Speaker, that a man intoxicated has no will power. I do not see why we are not taking the necessary steps—and I say "we", meaning that public authorities should have an understanding so that they might get together and stop the giving of these facilities to youngsters of fifteen years. Dr. Monin continues:

> Then come insults to policemen, destruction of trees, plants, fences, gross indecency, assault and battery, seditious cries, conditional threats, manslaughter through criminal negligence, arson . . .
>
> A tenth of all murders result from bar-room brawls. Of one hundred divorces granted in Denmark 24 are granted on grounds of drunkenness (Magnus Huss).

Dr. Monin says further on:

> In the corner of each brain, used to say Moreau (of Tours), madness lies dormant; the main thing is not to bring it to life.

I am using many quotations because I do not think I am qualified to speak directly on this subject. I am not a specialist but I think I should do my utmost to perform my duty as a public man to help Canadians to get rid of this pain in the side, if I may use that

phrase. I should like now to quote the *Temperance Advocate*, which in turn quotes Mr. William J. Faulkner of the *Message* magazine of Nashville, Tennessee. Mr. Faulkner is referring to the way in which advertisers are trying to get the attention of the general public in order to increase the sale of liquor, and I quote from the article:

"We need to understand the habits of women and the younger generation. Train your publicity to catch the eye and develop the interest of the younger generation . . . Make youth liquor conscious . . . Make it smart to drink wine. Teach American women to drink." These were slogans adopted at the March, 1935, convention of 49 leaders of the wine and liquor industries in Chicago. And they are really making the younger generation liquor conscious.

It is high time that college presidents, deans, professors, and counselors organized their forces in a scientific attack on the major evil in our society. They must co-operate with the church, the home, the public schools, and the government in an intelligent nation-wide crusade against strong drink.

We in Canada should also co-operate with the church, the home, the public schools, and the governments if they want to, in an intelligent nation-wide crusade against strong drink. I should like to refer now to an article in the Toronto *Star* of October 12, 1949, by Robert Taylor, the staff correspondent. It reads:

Canadians spent $48 per capita last year for alcohol compared with $28.50 on medical care and death expenses, a survey by the dominion bureau of statistics reveals.

Each Canadian averaged almost as much for tobacco, $24, as for fuel, $27.

And again:

The magnitude of the Canadian booze bill may be gathered by the fact that it was considerably greater than the total amount the federal government spent in the same year on family allowances, war service gratuities, re-establishment credits, rehabilitation benefits, pensions for both wars, war veterans' allowances, unemployment insurance benefits, Prairie Farm Assistance Act benefits and pensions to government employees.

Here are some comparative figures showing the per capita expenditures on different commodities:

	1948	1938
Food	$215.00	$75.60
Clothing	102.00	34.00
Household operations	78.00	60.50
Alcohol	48.00	15.00

Those increases are worth noting. An article in the Toronto *Star* of July 4, 1949, states that a hospital is going to be built in Toronto for the treatment of alcoholics. The article states:

The Ontario government is to "get tough" with those who do not observe the liquor laws.

But Ontario has been going right ahead creating alcoholics who will require treatment.

Ontario has been multiplying the liquor outlets which in turn multiply the number of drinkers and thus increase the problems of law administration.

What is the use of building hospitals to treat alcoholics when we provide the populace with every facility to obtain alcoholic beverages? If a man or woman succumbs to the lure of alcohol it is very rarely that he or she can overcome the longing without treatment. The main thing is not to start. I should like to quote now from another article which I consider is of great importance. I shall quote this in French and then give the house a general idea of what it says:

(Translation):

This article was published in the May, 1941, issue of the Jesuits' review and is entitled "Alcohol and Democracy":

Having been introduced on Tuesday night, Bill 56, amending the Alcoholic Liquor Act was voted on second and third reading by the provincial legislature.

And again:

Such is the true reform awaited with understandable impatience by all the honest citizens of this province and especially the new women voters, wives and mothers, who will judge of its merits by what it does and not by its promises. The new legislation seeks to reimpart to the Lord's day something of its Christian character, and to the night something of its original purpose. It also seeks to lessen the lying power of liquor advertisements, to divest night clubs and hotel rooms of some of their glamour, and finally make enforcement a little more effective. All these points have been won, at least in theory, by the public opinion campaign on behalf of temperance.

(Text):

It is true that a good job was being done against the enormous spread of the use of alcoholic beverages. I think the law should be enforced by the government and an effort made to get the public interested in this question of the sale of alcoholic beverages. In Quebec there have been cases where children of 15 years of age have been sold alcoholic beverages. I quote again:

(Translation):

And that in spite of unanimous, energetic and repeated protests from the highest religious authorities, parent associations and Christian labour movements, and in spite of 260,000 affidavits.

(Text):

We are now in the year 1949 and I believe that what that article says is still true. I quote again in French:

(Translation):

In any event a vigorous and intelligent temperance campaign is required more than ever before, so as to uphold the will of the government to prevent abuses and have the law respected, and also to lessen the effects of this shady and evil clause, until it is repealed.

(Text):

I believe in Quebec the law has not been enforced to its full extent, and I hope that the provincial authorities will at last open their eyes and see that the law is fully respected. I have here a letter written by Mr. J. Wilfrid Gaudette, general president of the

Sacred Heart league, to *L'Action Catholique* to be found in the issue of March 25, 1949. He has also written repeatedly to the premier of the province of Quebec. I am glad that once in a while a man feels strongly enough about a subject to dare to put his finger on the evil without being afraid of reprisals of any kind from anyone, even from the government itself. Mr. Gaudette says in his letter:

(Translation):

For some time past, the Prime Minister has on many occasions, pointed out the need of action as regards law enforcement. In the case of the liquor commission law, it does seem that breaches give rise to much less scruples on the part of authorities.

An inquiry has recently been conducted in parishes about the observance of the liquor law in licensed establishments on Sunday. More than 300 parishes from 60 provincial counties have sent in replies. Over 50 per cent of the latter state that hotels, taverns and licensed establishments are breaking the law by selling liquor at all times on Sunday, in spite of the fact that the law only authorizes the sale of wine and beer between one o'clock in the afternoon and 9 o'clock in the evening, with meals comprising food for a value of at least 40 cents.

That article was published on March 25, 1949, and Mr. Gaudette added:

Law is being transgressed through the sale of liquor to minors. It is being broken through the sale of liquor to drunken people. It is being transgressed also through the sale of liquor without a licence. In the majority of the parishes which have answered our inquiry, it is said that the liquor commission have no control, that the action they do take, if any, is inefficient. When such abuses are reported to the authorities, they reply that those disorders are the result of the original sin. We are no longer at the time of the original sin. We have at least come to the deluge, which floods our province.

We know that each of our federations has its own special struggles to wage against the liquor racket.

I wish to mention particularly the tremendous and dignified work performed by the leagues of the Sacred Heart and the Lacordaire and Joan of Arc organizations in my province. I believe they deserve to be entirely successful and I hope that their work will be fruitful and that the authorities will help them.

As I said a while ago, we need organizations strong enough to face up to anyone.

It is not by sitting back idly that we shall reap success. We therefore urge that every league, every member of such an organization and anyone able to hold a pen write to the Prime Minister and to their member of parliament and support our request: observance of the law.

The Canada Temperance Union has submitted a request published by *L'Action Catholique* under date of February 11, 1949:

Request to the federal government by the Canada Temperance Union.

In a memorandum submitted yesterday to Prime Minister St. Laurent, the Canada Temperance Union recommends the appointment of a royal commission to investigate the Canadian liquor problem. A delegation of 12 representatives from religious and temperance organizations met the Prime Minister yesterday afternoon and submitted to him a six-page memorandum.

I understand why certain people would like to restrict the use of alcoholic beverages. Autonomy should not be a factor in my opinion, when we are out to curb mass poisoning, and the unreasoned and unreasonable use of alcoholic beverages.

(Text):

I have an article from the Toronto *Star* of the 3rd of March, 1949, stating that 30,620 "drunks" were convicted in Ontario in 1948. It reads in part:

Out of the Ontario government's expanding liquor business came 30,620 convictions for drunkenness in 1948 . . .

I do not quote that to sling mud at any province of Canada. I merely do so to arouse public opinion. I want everybody in Canada to know what the situation is and to realize that it is time to rise in force and make the public authorities conscious of the danger confronting our population. That is why I do so. That is why I repeat the same things I said in my first speech on liquor consumption. I want to return to that question, and I hope I shall not be the only one to come back to it, because the time has come when everyone should face his responsibility for the betterment of our Canadian society. I have an editorial from the Ottawa *Journal* of March 15, 1949, and I note that the danger is present in other provinces. The title of the editorial is:

Still Debauching the Indians

It reads in part:

A disturbing story comes from Alert bay, a small British Columbia settlement 299 miles northwest of Vancouver, with some 600 white residents and a reservation of 1,800 Indians. Greedy and unscrupulous white men are taking liquor into the area by speed-boat and bootlegging it to the Indians at $10 to $25 a bottle, with the result that drunken Indians are a major problem and, according to the Indian superintendent, "it is neither fit nor safe for a woman to walk down Alert bay's one street at night."

As you see, Mr. Speaker, the evil is spreading its tentacles into other parts of our country. I have a calculation made by Mr. Gaudette, the president of the Sacred Heart league. A question was asked in the letter sent to every municipality as to how many quart bottles of milk the amount of liquor consumed in the country in 1947 would provide? The answer was that it would amount to 635,433,900 quarts of milk for the children. I have here a release from the same league and by the same man, Mr. J. Wilfrid Gaudette, president of the Sacred Heart league of the province of

Quebec, on collective temperance, which was distributed by the episcopate of my province. It reads:

(Translation):

Lawgivers, and in them all whose duty it is to approve and enforce the laws, will understand, we are sure, that in the interest of the public it behooves them to practise and respect the virtue of temperance. Need we recall that any person in authority is responsible not only for his own wrongdoing but for leading others astray; he is also accountable for his failure to do good or preventing others from doing good. Finally, he is responsible for all the evil he does not prevent when he can and should do so.

(Text):

The bishops and archbishops of my province have given this warning, and I hope that at last it may be understood and heeded by provincial authorities throughout Canada. I hope we may all face our responsibilities and take steps to see that drinking, which is increasing even among youngsters as well as grown people, is discouraged.

(Translation):

Mr. Auguste Maltais (Charlevoix): Mr. Speaker, before I speak briefly on the budget, may I devote a few minutes to outlining a problem which, though not of national concern, means a great deal to a part of my province.

In the house, I have the privilege and the honour of representing the constituency of Charlevoix. Extending over a distance of 140 miles from Château Richer to the Saguenay river, it is largely peopled by French-Canadian catholics. I also wish to state that my constituency is proud of its local history since from there many pioneers set forth to share in the development of certain parts of the lake St. John district and of the north shore.

Because of its topography, my constituency is partly agricultural and partly industrial. Indeed, the lumber industry plays an important part and a growing number of men skilled in that kind of work are to be found in certain municipalities.

This constituency, which borders on the St. Lawrence, is served by a very primitive railway line. The Canadian National has a branch running from Quebec to La Malbaie and, in fact, La Malbaie is actually the terminal of the only railway line in that area. This situation is assuredly unsatisfactory, much more so because its improvements can easily be justified both from an economic point of view and from that of the development of Charlevoix county. As was stated by my friend from the Saguenay and north shore regions, and as is known to the majority of the members of this house, our district is on the threshold of great developments which will probably have a tremendous bearing on the economy of this country.

So, I think it is time that, at the request of my fellow citizens, I should bring to the attention of the government the transportation problem as it exists in my constituency. In the near future I intend to ask the proper authorities that improvements be made as regards the line now linking Quebec with La Malbaie. I shall first request that the Canadian National start negotiations with the Quebec Railway, because in my opinion present arrangements between the two are now inadequate and greatly handicap the service we want. I shall then ask that this service be extended from La Malbaie to the municipality of Clermont and that it be made a daily service, since a line is already there and the people of Clermont are entitled to and should obtain such a service. Finally, since the matter of opening a new outlet to the lake St. John and Chicoutimi districts is now being discussed, I shall also request that the line be extended from Clermont to Port Alfred, and that its eventual extension into the county of Saguenay be considered.

This proposal is far more justifiable than that submitted in Quebec city to the royal commission on transportation by the council for the economic development of the Saguenay. I will have the opportunity to prove it at some other time, but meanwhile I wish to quote a thought from *Le Feuillet de la semaine,* a small local newspaper full of common sense published at Baie St. Paul.

Let it be known, nevertheless, that we refuse to be treated as second-rate citizens, as poor relations. We will never submit to being set aside.

(Text):

It is almost a commonplace to say that the prosperity of this country and the high standard of living enjoyed in our land is closely related to our foreign trade. One who has followed the legislation of this government will soon be convinced that this very important part of our economic life has been dealt with in an effective way. I have learned from many reliable references, and in my short experience in business, that external trade is of paramount importance to the successful development and the welfare of this country. To support this statement I want to quote part of a monthly letter published by the Royal Bank of Canada in June, 1946, which illustrates the importance of external trade to the welfare of Canada. This has reference to the theory of self-sufficiency in Canada, and says:

To dispose in one paragraph of the bogey of what would happen if Canada were so foolish as to adopt a policy of self-sufficiency, contrast the actualities of the past twenty years with what might

have been under a nationalistic economy. If Canada had not exported, there would have been an average of $1,365 million a year less entering the flow of money, a reduction of about 27 per cent in the national income, or nearly $10 a month smaller purchasing power for every man, woman and child in the country. If there had not been exports of $8,537 million of farm products in the 19 years preceding 1945, there would have been $614 less income per year per farm.

In other words, Canada just cannot continue on her present standards, much less can she raise them, without foreign markets for her goods.

It is based on the fact that, although Canada is rich in many natural resources, she is lacking in quite a few important commodities. When I refer to an abundance of natural resources, I mean that in certain products, such as wheat, newsprint and different metals, Canada has large surpluses. In many cases a foreign market is necessary in order to liquidate the surpluses. On the other hand, it is no less true to say that we lack certain vital products such as steel, coal, coffee or sugar, as well as certain specialized manufactured goods. This country has to import many items which are necessary to our daily life.

In the last two or three decades this external trade has made great strides, Mr. Speaker. From a value of slightly more than $431 million in 1914, our exports have jumped to approximately $2,750 million in 1947. When one goes over the maze of statistics concerning this period, one is impressed by several features which seem to have a direct bearing on the future of our national economy. I find that up to recent years our exports have been chiefly in the field of primary products, usually referred to as raw material or semi-processed material. Of course, by the very nature of these products they generally react more violently to price cycles than manufactured products.

I refer now to the statistics for the year 1921 which show that Canada received $311 million for 120 million bushels of wheat, whereas in 1939 Canada received approximately $109 million for 163 million bushels. If I pushed my study further I could illustrate this trend with other farm products or with metals. Helped by the impetus of the last war, however, it is interesting to note that our exports in the last few years have been made up of a larger proportion of manufactured goods. I believe this is a new trend which indicates a greater diversification of our national economy. In view of present world conditions, this certainly affords ground for satisfaction. It is likely this diversification will permit Canada to open new markets. I believe the agreements made at Geneva and at Annecy will also help this country to obtain new markets for the exportation of these new products which Canada seems to be manufacturing in larger quantities.

However, Mr. Speaker, although my remarks might indicate that our foreign trade seems to have become re-oriented, I should like to say at once that we should not neglect our traditional markets, which have always been in the commonwealth. It is well known that the greatest trade exists among the most-developed nations. I believe I am right in saying that this government was very much aware of this principle. When I look at the assistance this government has given Great Britain in the form of mutual aid, I consider it not so much a gift as an investment in the long run economic development of this country.

On motion of Mr. Maltais the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, tomorrow is private members' day, but I understand the Minister of Finance (Mr. Abbott) has consulted the leaders of the opposition parties with a view to moving to go into supply, so that he can ask for interim supply. If there is no objection, that will be the first order, and then we will revert to private members' business.

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

HOUSE OF COMMONS

Wednesday, October 26, 1949

The house met at three o'clock.

PRIVATE BILLS

BRITISH AND FOREIGN BIBLE SOCIETY

Mr. Speaker: I have the honour to inform the house that a message has been received from the Senate informing this house that the Senate has passed the following bill, to which the concurrence of this house is desired: Bill Y-3 of the Senate, intituled an act respecting the British and Foreign Bible Society in Canada and Newfoundland.

Mr. A. L. Smith (Calgary West): Mr. Speaker, on a point of order, we cannot consider a bill with respect to so-and-so "in Canada and Newfoundland". Surely that day is gone. The greater includes the lesser, of course. Surely we cannot have it that way now.

Mr. Speaker: Order. I was merely informing the house that I had received from the Senate a message, which is not debatable, informing this house that the Senate had passed a bill, the title of which I read.

Mr. Smith (Calgary West): Then I think it should be referred back to them, and they should be told to get their English straight.

STANDING COMMITTEES

RAILWAYS, CANALS AND TELEGRAPH LINES—BANKING AND COMMERCE—CHANGES IN PERSONNEL

Hon. Alphonse Fournier (Minister of Public Works) moved:

That the name of Mr. Follwell be substituted for that of Mr. Bennett on the standing committee on railways, canals and telegraph lines.

That the name of Mr. Hellyer be substituted for that of Mr. McLean (Huron-Perth) on the standing committee on banking and commerce.

Motion agreed to.

DIVORCE ACT

EXCHEQUER COURT TO HAVE JURISDICTION IN ACTIONS ORIGINATING IN QUEBEC AND NEWFOUNDLAND

Mr. Stanley Knowles (Winnipeg North Centre) moved for leave to introduce Bill No. 117, to provide for the dissolution of marriage of persons domiciled in the provinces of Quebec and Newfoundland.

Some hon Members: Explain.

Mr. Knowles: The purpose of the bill is to give to the Exchequer Court of Canada jurisdiction to deal with divorce actions in the case of persons residing in Quebec and Newfoundland. Jurisdiction as to alimony, care of children and other matrimonial causes will remain in the provincial courts of those two provinces.

This bill does not establish divorce courts in Quebec or Newfoundland, or interfere in any way with provincial rights. It does not change the grounds for divorce. It does not make available to persons residing in Quebec or Newfoundland anything not now available to them, but merely transfers the hearing of divorce petitions filed by persons residing in those two provinces from parliament to the Exchequer Court of Canada.

Mr. Speaker: Has the hon. member leave to introduce the bill? Carried. Mr. Knowles moves, seconded by Mr. Coldwell, that this bill be now read a first time. Is it the pleasure of the house to adopt the motion?

Some hon. Members: No.

Mr. Speaker: I declare the motion carried.

Some hon. Members: No.

Mr. Gauthier (Portneuf): Dropped.

Motion agreed to and bill read the first time.

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

Some hon. Members: Never.

Mr. Speaker: Next sitting of the house.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 104, for the relief of Edith Cohen.—Mr. Winkler.

Bill No. 105, for the relief of Ida Lindy Angel Katzman.—Mr. Winkler.

Bill No. 106, for the relief of Marian Latora Glendening Joncas.—Mr. Winkler.

Bill No. 107, for the relief of Eva Nerenberg Anger.—Mr. Winkler.

Bill No. 108, for the relief of Josephine Teweson Paul Bero.—Mr. Winkler.

Bill No. 109, for the relief of Phyllis Elizabeth Ross Erskine.—Mr. Winkler.

Bill No. 110, for the relief of Jeannette Mathilda Seymour Oswald.—Mr. Winkler.

Bill No. 111, for the relief of George Bennett Gagnon.—Mr. Winkler.

Questions

Bill No. 112, for the relief of Bertha Rudolph Holzberg.—Mr. Winkler.

Bill No. 113, for the relief of Lillian Elizabeth Moore Bowen.—Mr. Winkler.

Bill No. 114, for the relief of Laurence Bouchard Pappini.—Mr. Winkler.

Bill No. 115, for the relief of Nana Rosenberg Taube.—Mr. Winkler.

QUESTIONS

OLD AGE PENSIONS—PROVINCE OF QUEBEC

Mr. Bertrand:

1. In 1948, what was the total amount paid by the federal government for old age pensions in the province of Quebec?
2. What was the total amount paid by the government of the province of Quebec for the same year?

Mr. Claxton:

1. For the twelve months January 1 to December 31, 1948, the government of Canada paid the following amounts for old age pensions and pensions for blind persons in the province of Quebec:

Old age	$ 16,015,515 53
Blind	923,954 21
Total	$ 16,939,469 74

2. The amount paid by the province of Quebec for the same twelve-month period would be approximately one-third of the amount paid by the government of Canada, as follows:

Old age	$ 5,338,505 17
Blind	307,984 74
Total	$ 5,646,489 91

Note: This amount might be slightly increased or decreased on account of adjustments between the province of Quebec and the other provinces.

NORTON, N.B., MAIL COURIER—ROUTE 6

Mr. Brooks:

1. Were tenders called for the carrying of mail for rural route No. 6, Norton, King's county, New Brunswick?
2. If so, how many tenders were received, and what was the amount of each?
3. To whom was the contract awarded?
4. Is he a veteran of either the first or second world war?

Mr. Rinfret:

1. Yes.

2. Stanley O'Leary, Norton, N.B., $1,200; Herbert Harold Tait, Norton, N.B., $1,250. (Mr. Tait subsequently reduced his tender to $1,175 in a letter to the department dated 27th August, 1949, which date was after that set for the closing of tenders, namely, 29th July 1949.)

[Mr. Speaker.]

3. To Stanley O'Leary, on 23rd August, 1949, for $1,200 per annum.

4. No record.

FOREIGN EXCHANGE CONTROL—AUTHORITY TO EXAMINE MAIL

Mr. Diefenbaker:

1. Has the foreign exchange control board, the Bank of Canada or any other government department or agency authority to delay, open, read or censor first-class or airmail addressed to or from the United States or any other foreign country?
2. If such authority exists, are any private letters being so interfered with, and for what purpose?

Mr. Rinfret: No department of government or other agency has authority to delay or open first-class or air mail for censorship purposes. The Post Office Department has authority to open letters under section 51 of the Post Office Act.

No letters which do not contravene regulations issued by the Postmaster General under the powers conferred under the Post Office Act are interfered with.

CANADIAN NATIONAL RAILWAYS—REPRESENTATION OF WESTERN CANADA ON BOARD OF DIRECTORS

Mr. Knowles:

1. Has the government received representations from the Winnipeg chamber of commerce asking that western Canada be given more adequate representation on the board of directors of the Canadian National Railways?
2. If so, has consideration been given to such representations?
3. What is the result of such consideration?

Mr. Chevrier:

1. Yes.

2. Representations were received subsequent to appointment by the governor in council on October 10 of Mr. William Parker, of Winnipeg, to the board of directors of Canadian National Railway Company, to be effective November 1, 1949.

3. See answer to No. 2.

CHARLOTTETOWN, P. E. I., POST OFFICE—SPECIAL ALLOWANCE TO STENOGRAPHERS

Mr. McLure:

1. How many stenographers are employed in the Charlottetown post office and postal district office?
2. Did the stenographers all receive a special stenographic allowance of $5 per month?
3. Has this allowance been discontinued? If so, when?
4. Will the stenographers in Saint John, Halifax and Montreal offices have their allowance discontinued?

Mr. Rinfret:

1. One in Charlottetown post office; one in Charlottetown post office inspector's office.

2. Yes.

3. Yes; 1st October, 1949.

4. Yes.

NEWFOUNDLAND—NATIONAL HARBOURS

Mr. Higgins:

1. Has the province of Newfoundland requested the federal government to investigate the desirability of establishing one or more national harbours under the national harbours board?

2. If so, what areas have been designated for the establishment of national harbours?

Mr. Chevrier:

1. No.

2. See answer to No. 1.

POTATOES—EXPORTS TO UNITED STATES

Mr. Hatfield:

1. How many bushels of Canada grade 1 table potatoes were exported from Canada to the United States during the period from September 15, 1949, to October 17, 1949 inclusive?

2. How many bushels were exported through each port of exit?

Mr. McIlraith:

1. Canadian exports are compiled on a monthly basis, that is, all customs entries received in Ottawa on the last day of the month are included in that month's summary. The tabulation system does not permit the segregation of entries for part of one month and part of another. There will be no tabulation of export shipments for the month of October until November 15. The latest information available is for the month of September:

Exports of potatoes, n.o.p. (except seed) to U.S.A., 117,877 bushels.

2. Not published by ports of exit.

QUESTIONS PASSED AS ORDERS FOR RETURNS

NEWFOUNDLAND—NATURAL RESOURCES AND ECONOMY—STATISTICAL DATA

Mr. Browne (St. John's West):

What effort has been made by the government of Canada to collect and make available statistical and scientific data about the natural resources and economy of Newfoundland, since April 1, 1949?

Mr. Bradley: Return tabled.

PLASTER ROCK, N.B., POST OFFICE

Mr. Hatfield:

1. Was a piece of land purchased at Plaster Rock, New Brunswick, in 1939, for the purpose of building a post office?

2. Were plans, specifications and tenders called to build a post office in 1939 at Plaster Rock?

3. If so, why was the building not built?

4. What was the post office revenue at Plaster Rock in the year 1939?

5. What was the revenue of the post office at Plaster Rock in the year 1948?

6. Has there been any action taken in regard to building said post office in the last year?

IMPORTS OF FILMS FROM UNITED STATES

Mr. Herridge:

1. What amount of American dollars was used in payment for United States films imported into Canada for the years 1947, 1948, and 1949?

2. Did the United States film industry offer to render any particular service to Canada on account of continued unrestricted import of films into Canada?

3. If so, what form did these services assume and what is their estimated value to Canada?

Mr. McIlraith: Return tabled.

BOARD OF TRANSPORT COMMISSIONERS—EXPRESS, FREIGHT AND PASSENGER RATES

Mr. Church:

1. What are the functions of the board of transport commissioners regarding freight and passenger rates?

2. Have they exclusive jurisdiction over these matters?

3. If so (a) why has a board of professors and one judge been appointed for the same purpose; (b) what jurisdiction has the said select board over freight and passenger rates?

4. What is the cost to the country of this royal commission?

5. In what year was the board of railway commissioners, now called the board of transport commissioners, given jurisdiction over the telephone and express companies rates?

Mr. Chevrier: Return tabled.

INTERNATIONAL REFUGEE ORGANIZATION

Mr. Shaw:

1. What to date has been Canada's total financial contribution to the international refugee organization?

2. Who are the Canadian representatives on IRO?

3. Are IRO funds utilized to pay travelling and related expenses of displaced persons desirous of taking up residence in Canada?

4. How many displaced persons who have established residence in Canada had their travelling and related expenses paid in full out of IRO funds?

5. How many had their expenses paid in part?

6. Have any Canadian sponsors of displaced persons been reimbursed in whole or in part for money spent to bring displaced persons to Canada?

7. What is the general policy of IRO in determining which displaced persons should receive financial assistance to enable them to reach Canada?

IMMIGRATION—GERMAN NATIONALS

Mr. Shaw:

1. Under existing immigration regulations, what type of evidence is accepted as proof that a German national did not agree with nazi doctrine?

2. Have any German nationals who served in the German army during world war II been admitted to Canada as immigrants?

3. Have any persons other than German nationals who served in the German army during world war II been admitted to Canada as immigrants?

SUPPLY

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee of supply.

He said: Mr. Speaker, a day or two ago I spoke to the leaders of the different parties and indicated that I would like to ask the house today to allow me to move to go into committee of supply in order to provide for a further month's interim supply. All of them told me that they would have no objection to my doing so. Of course this action would require unanimous consent of the house, and, if I may have that consent, I should like to make that motion. It is understood, of course, that if these proceedings take a relatively short time we will then resume the ordinary business and take up private members' motions.

Motion agreed to and the house went into committee of supply, Mr. Dion in the chair.

INTERIM SUPPLY BILL

Mr. Abbott moved:

Resolved, that a sum not exceeding $114,516,603.83, being one-twelfth of the amount of each of the several items to be voted, except items 43, 419 and 452, as set forth in the main estimates for the fiscal year ending March 31, 1950, laid before the House of Commons at the present session of parliament; a sum not exceeding $5,012,437.50, being three-twelfths of the amount of item 559 as set forth in the main estimates for the fiscal year ending March 31, 1950; a sum not exceeding $2,446,984.33, being one-twelfth of the several items, except item 681, to be voted, as set out in the supplementary estimates (Newfoundland); a sum not exceeding $5,876,758.33, being one-twelfth of the several items to be voted as set out in the further supplementary estimates, and a sum not exceeding $2,302,500.00, being nine-twelfths of items 779 and 935 to be voted as set out in the further supplementary estimates laid before the House of Commons at the present session of parliament, be granted to His Majesty on account for the fiscal year ending March 31, 1950.

He said: The committee will recall that prior to the dissolution of the last parliament six-twelfths of the general items had been voted, and additional items for certain special activities for which additional amounts were required in the early part of the year. Last month parliament voted one-twelfth of the general items, including the Newfoundland supplementaries which had been tabled. This made in all seven-twelfths of the general estimates, together with the full amount for certain items.

Today I am asking for an additional one-twelfth of the general items, including the supplementaries, and additional amounts for three items. These three items are item 559 in the main estimates, which provides for advances to national harbours board for the retirement of maturing bonds of Montreal harbour that become payable on November 1; item 935, which is a similar item relating to national harbours board maturing bonds, and item 779, which provides for a payment of $1,075,000 to the international children's emergency fund. The interim supply I am asking today, together with the amounts that were previously voted, would cover eleven-twelfths of those particular items.

The form of the bill to be founded on this resolution will of course be the same as other supply bills which have been passed by the house from time to time on previous occasions. The passing of this bill will not result in the voting of the full amounts of the items, and will not prejudice the rights of hon. members to discuss any of the items when they come up for consideration later this month. Of course I give the usual undertaking that such rights and privileges will be respected, and will not be curtailed or restricted in any way as a result of the passing of the measure which will be brought before the house.

Mr. Church: Mr. Chairman, I should like to ask one question about this interim supply bill. The money will have to be paid; there is no doubt about that at all. I want to ask the minister whether the interim supply bill will include a sum sufficient to recoup municipalities for the services they provide to crown properties. For example, I mentioned last week that in 1905 the Whitney government in Ontario for all local improvement roads, sidewalks and so forth paid money for all crown properties in the right of the province all over Ontario. I suggested that the dominion government would be well advised to pay for similar services throughout Canada. Other cities are providing the same services for crown properties as Ottawa does. Ottawa gets half a million dollars, while they receive nothing.

Mr. Abbott: Nothing is contained in the main estimates, or in the supplementaries which have been tabled, for items such as those referred to by the hon. member. The whole question of crown properties in municipalities has been under consideration for some time. I think the Prime Minister indicated to the Canadian federation of mayors and municipalities that it was hoped to be

able to make a statement at an early day as to what government policy might be in that regard.

Mr. Fleming: Will the statement be made before the end of the present session?

Mr. Abbott: Yes.

Mr. Diefenbaker: Mr. Chairman, I do not rise to make any particular comment on this course of action, except to say it is becoming so prevalent as to amount to the following of a precedent. Many people seem to feel that parliament has some control over expenditures, but the experience of the last several years has been that the control is more theoretical than actual. Within the last few months we have granted power to the government, in advance of any accounting, to expend tens of millions, and have ratified expenditure about which we know nothing.

Just before I came into the chamber I secured a copy of Durell's Parliamentary Grants, for the purpose of referring to the days when things were otherwise. It is still the authority as to the responsibility of the executive to the House of Commons, but it is more honoured in the breach than in the observance. At page 20 I find these words:

> The proper office of parliament, as Mill points out,—

The author is quoting John Stuart Mill.

> —is "to watch and control the government, to throw the light of publicity on its acts, to compel a full exposition and justification of all of them which anyone considers questionable, to censure them if found to merit condemnation . . ."

This function is the responsibility of members in all parts of the house. I do not condemn any party, but as a private member I say we are not discharging this function. Somebody will say to me that we have a public accounts committee. Reading Durell I find that there are three stages in finance —estimates, expenditures and accounting; and that there is a duty on the part of parliament to examine expenditures. I sometimes believe that if the government were to include in the estimates an item of $5 million for which there was no justification whatsoever, under our present system of examination in the House of Commons it could be passed. This is a serious matter.

When one looks back over the years when government was less complex than it is today, when hon. members now on the other side of the house were on this side—

Some hon. Members: On both sides.

Mr. Diefenbaker: When the reverse was the fact, there was an examination of expenditures.

Mr. Lesage: A good opposition.

Mr. Diefenbaker: I am not discussing the matter from that point of view. It is all very well to talk about a good opposition, but with the hundreds of millions of dollars expended today, and without members on the opposition side of the house having the necessary techniques and experts available to study the estimates, we in the House of Commons cannot discharge our responsibilities.

I rise solely for the purpose of suggesting that if we as members are to discharge our responsibility, the time has come to depart from parliamentary tradition, if you will, and make available to the opposition experts who will assist in the analysis of these accounts, without which an examination of the expenditures becomes a haphazard farce.

Somebody has said: What about the public accounts committee? There is no institution in Great Britain more effective than the public accounts committee. The reason is that it is a committee composed of members of the House of Commons—and I am quoting again from Durell:

> . . . who have shown their interest in financial questions, even though, as opponents of the government, they might during the investigations of the committee obtain further facilities for criticizing its policy. It is recognized that the question of public accounts is a national and not a party question, and, as such, the investigation is made in the public interest and from a financial, not a political, point of view. Discussions in the house itself on financial questions, on the other hand, are apt to follow party lines, and the real issue is apt to be obscured.

I granted that the withholding or granting of supply is an important function of parliament, I suggest that something must be done in order to improve the techniques whereby members of the house can discharge their responsibility instead of pretending to discharge it when as a matter of fact they are unable to do so.

In the United Kingdom—and it may seem an unusual course to follow—the chairman of the public accounts committee is a member of the opposition, the purpose being to ensure a complete investigation of all expenditures made or asked for from parliament. My purpose in speaking at this time is to suggest that a committee be set up along the lines of the public accounts committee of the United Kingdom, which has done great work. That it is not actuated in any way by party considerations is indicated by the fact that the chairmanship is bestowed upon a member of the opposition.

If we are to discharge our responsibilities, we must be given information which today is unavailable to us. We ask these questions on the order paper day by day; we get some information, but not enough to give us an intelligent grasp of any one feature of these

expenditures. For that reason I ask the government to give consideration to making available to those who are in opposition—and equally, of course, to members supporting the government—the services of experts, including the Auditor General, in order to make possible an intelligent examination of the accounts.

I did not rise to protest what was being done. What is in fact being done today is only a short-cut, the course that is followed in connection with all estimates. In one case we may talk about them in detail. On a motion such as this, of course, we do not discuss individual expenditures, but in any case there is not that examination which, with over-all expenditures of $2,500 million, the people of Canada have a right to expect on the part of members in all parts of the house.

Mr. MacInnis: I do not rise either to oppose or to support the argument made by the hon. member for Lake Centre. I merely wish to point out that the public accounts and the estimates are two different things. The estimates before us represent moneys not yet appropriated or expended, so that a discussion of the estimates is quite different from a discussion of the public accounts.

I have been in this house a fairly long time, and if there is any one thing which in my opinion you cannot keep free from political bias it is the public accounts, when the public accounts committee meets. That is quite natural, because when the public accounts committee meets, the opposition of course is looking for scandal or wrongdoing, and the government will do everything in its power to see that they do not find what they are looking for. There will be objections to giving information, and all that sort of thing. I believe we could have a committee on public accounts that would properly analyse these accounts if we set about it in the right way.

I believe there is a great deal to be desired in the way the estimates are dealt with in this house. We give too much time to a few departments, and hardly any time at all to a great many others. Every year as long as I have been here we have spent afternoon after afternoon and evening after evening on the estimates of the Department of Agriculture. We have minutely examined every cutworm and every boll weevil in the prairie provinces, and we have investigated thoroughly the various functions of that department. But when we come to the estimates of other important departments, they go through this house at the rate of about a million dollars a minute, with no consideration whatever.

I agree with the hon. member for Lake Centre to this extent at least, that we should attempt to devise some effective means of dealing with both the estimates and our public accounts.

Mr. Fleming: Perhaps before the Minister of Finance replies I might briefly contribute two thoughts that have struck me.

The first has to do with the form of the estimates, to which attention has been drawn in previous years. That form is not such as to lend itself to a thorough analysis of our expenditures. Two years ago the Auditor General submitted to the public accounts committee detailed recommendations with respect to the form of the estimates and other matters, which he said would enable hon. members to conduct a detailed review and to fulfil their duty of satisfying themselves and the public that the expenditures sought by the government were proper. In the intervening two and a half years no action has been taken with respect to those useful and comprehensive recommendations coming from the Auditor General, and I would urge on the minister that the time has come when they should be given attention. They were the product of much thought and long experience on his part, and should receive consideration by the government.

My other thought has to do with an alternative procedure which has been tried by this house on previous occasions; and I mention this particularly in the hope of interesting the Minister of Finance and the Secretary of State for External Affairs. The one exception to the ordinary rule that estimates are considered only in committee of supply, so far as I am aware, has been with respect to the estimates of the Department of External Affairs, since a standing committee on external affairs was first set up in 1945. In each of the intervening sessions the estimates of that department have been referred to the standing committee, and I am prepared to say that they have been given more careful review and more thorough analysis there than the estimates of any other department have received in committee of the whole house. The simple reason is that in the committee it has been possible to question officials of the department. The under-secretary has been there, and members of the committee have been afforded an opportunity of eliciting firsthand information which has been of the greatest value to them.

It is utterly impossible to carry on a detailed review and analysis of proposed expenditures, running into billions of dollars, under the clumsy, awkward procedure the house follows in committee of supply. As

every hon. member well knows, it is impossible to examine properly these heavy proposed expenditures in a committee which includes all members of the house, where there is no opportunity to direct questions to officials; where it is possible only to ask questions of the minister and to obtain from him information that he in turn has obtained from the officials sitting before him.

I am reminded by the hon. member for Winnipeg North Centre that on at least some occasions the accounts of Canadian National Railways have been reviewed by the sessional committee on government-owned railways.

There, it seems to me, we have two useful precedents which justify wider application of the method there pursued; and I do urge that consideration be given to extending this practice, and in particular that the minister be good enough to study the extensive recommendations made by the Auditor General to the public accounts committee in 1947.

Mr. Pouliot: I am sure the members of the government will appreciate the suggestions that have been offered by the hon. members who have just spoken.

The estimates are divided into two parts. In the first part the various items are listed, and in the second part there is a detailed statement of expenditures. In order to understand the whole thing, one must read the reports of the various departments which throw light on the items appearing in the estimates.

As to the public accounts, I shall give some comfort to the minister by reminding him that some years ago, on my protest, in which I was supported by the member for Broadview (Mr. Church) and the former member for Davenport, Mr. MacNicol, I succeeded in having the public accounts reformed. No member of the opposition had complained before about the fact that during the war no item less than $25,000 was mentioned in the estimates. It was only after the three of us complained to the then minister of finance—Mr. MacNicol called it an outrage—that we succeeded in obtaining this reform of the public accounts. The government should be given credit for that.

If the opposition wish to scrutinize the public accounts, they could divide themselves into various groups—in fact I believe that has been done. These groups could specialize in various departments and become familiar with certain aspects of public business. They could ask pertinent questions of the government. Questions on picayune matters should not be asked, and the members should abstain from theorizing during discussion of the estimates. The purpose of the committee of supply is to allow members to obtain supplementary information about the estimates that are before the committee. If we are to have never-ending speeches and repetition of the same thing by the same people every time an item is called, then there will be no end to the discussion.

The reason the discussion of estimates takes so much time is that so many members have no sense of proportion as to what is important and what is not. They waste much time on small detailed matters. If the members would consider the whole aspect of the matter in the first place, and then get down to particulars by asking questions so that they would be informed instead of trying to inform the government, more rapid progress would be made, and the procedure in passing the estimates would be more satisfactory to the members of the committee and to the public at large.

Mr. Graydon: The member for Temiscouata has provided one of the best arguments I have heard for a change in our system of studying the public accounts. What the member for Eglinton said a few moments ago was only too true—that the two committees which have been examining the estimates of the railways and of the Department of External Affairs have worked to the benefit of both departments and of members of the house. I am in some agreement with the suggestion of the member for Temiscouata that if estimates are discussed in a committee there is a disposition to deal with them in a more businesslike manner. This is not so in the committee of supply.

Many of these items in the estimates are details that call for the immediate attention and presence of the officers of the department concerned. I do not think it is quite good enough to follow the old system, which has been followed for so many years, of proceeding in leisurely fashion in committee of supply with an examination of perhaps one department, and then, at the last moment, having a tremendous rush to complete the business before the house. No one is given a fair opportunity of dealing with the items in question. In at least some of our departments I believe we could well adopt the system suggested by the member for Eglinton, that is, the method which has worked so well in the external affairs and railways and shipping committees.

If the matter is dealt with in a standing or special committee, there is an opportunity for questioning of the departmental heads. In the committee of supply all one gets is an echo from the departmental heads through the ministry. The departmental head whispers something to the minister, and the

minister pipes it back to the house. It would be much better if we were able to direct questions to the departmental officers. From my experience, the echo system of cross-examination does not work out very well, There are two other reasons why this change should be made, to enable us to examine the departmental heads from time to time. One has to do with the amount of time that the house ordinarily sits each year. I believe the length of the session could be cut down, without affecting the quality of the work done, if the major part of the estimates were brought before appropriate committees. Perhaps it would be proper to have the administration item for each department considered in the committee of supply, but the other items should go before the appropriate committee. If we did this I believe it would shorten our sessions and increase the efficiency of parliament.

Moreover, with about ninety new members of the house, and with a large proportion of the membership supporting the government, I can readily understand that there must be many members who are anxious to have more to do. It is difficult for a party with a hundred and ninety members to provide subject matter for discussion for the ordinary member. Every member, no matter in what part of the house he sits, has a responsibility to discharge to his constituents. They have sent him here for a specific purpose, namely, to do his part, along with the other members, in providing good government for Canada. Under a system such as I have suggested, I believe these members would find a way in which they could use their respective talents. It would make members feel they were part and parcel of the parliament of Canada, and not simply listening members for ninety-nine per cent of the time that parliament is in session. There should be something more for a member to do than just to sit and listen. He ought to have an opportunity of participating in the actual work of parliament, and it is for that reason I have made my suggestion.

I wish to ask the Secretary of State for External Affairs whether he has given consideration to calling a meeting of external affairs committee for the purpose of considering the estimates of that department. His answer may be that he is not the officer responsible for calling the committee, but if the government intends to call the committee this year it ought to be done fairly soon, because it may be only a matter of weeks before the session concludes. I believe the committee ought to have a reasonable time to deal with the matters which will come before it.

[Mr. Graydon.]

Mr. Church: This is the second interim supply bill we have been asked for, and it simply means that we are only holding a post mortem on these expenditures. In answer to the hon. member for Peterborough West, the minister expressed the hope that all of the estimates would be passed by the end of October. Next Monday is the end of October, and here the government are asking for another bill. The businessmen of the country expected some reduction. After all, it is important to the country. We can find no reduction in the expenditures. The Auditor General has been forgotten.

I want to thank the hon. member for Temiscouata for his remarks about the former member for Davenport, Mr. MacNicol, and myself. Years ago we did support here a new system in respect to interim supply and the public accounts. The principle of the bill before the committee is simply this. It means taxation without representation, the very principle upon which the thirteen original American colonies seceded, after the Boston tea incident. I do say that the public accounts committee should have been called to inquire into these expenditures. We are only holding a coroner's inquest into them. This is the second interim supply bill this session. I say that we should have some system whereby the Auditor General, the House of Commons and the public accounts committee should exercise some control over all these expenditures. They are the forgotten people, so far as the government of Canada is concerned.

Mr. Coldwell: In this committee this afternoon we have listened to a discussion similar to others we have heard over a period of years. I would remind the committee that in 1945 or 1946 there was general agreement that some attempt should be made to refer as an experiment some of the estimates to appropriate committees in order that they might be looked into by those committees and reported to the house. The government agreed to that procedure, and so did the party which I have the honour to lead; but my recollection is that it was not agreed to by the official opposition at that time. I am glad we have had this afternoon this suggestion made by several members of the official opposition, because I feel that this is the way these estimates might be dealt with more effectively. Perhaps we can get general agreement in this chamber to try the experiment of having the estimates of some departments dealt with in this way.

While I am on my feet, may I say that the hon. member for Lake Centre this afternoon stated that we could elicit information from the government by way of questions. But may I point out that we do not always get

information from the government by way of questions. Indeed, the answers to questions sometimes exemplify the old proverb that some people can use words to conceal their thoughts. I know that some time ago I asked a question and it was answered on October 12. The question was:

1. Did the government of Canada at any time from July 1, 1944, to July 30, 1949, make any offer to the government of Saskatchewan to help finance the trans-Canada highway on a fifty-fifty basis?

The Minister of Agriculture, from one end of that province to the other during the recent election campaign, said this had been done.

2. If so, when was the offer made, and by whom?

The answer given by the minister of reconstruction was as follows:

1. Possible bases of financial participation were indicated publicly and discussed between ministers of the federal government and the government of Saskatchewan.
2. Answered by No. 1.

Yesterday I obtained a return of all the correspondence that had taken place on this particular matter between the federal government and the provincial government. In that correspondence I can find nothing that would warrant any statement of the type which was made by the Minister of Agriculture and which I was trying to verify. So when we are told that we can elicit information from the government by way of questions, I would point out that it has been demonstrated over and over again that we do not always get the information we ask for. I think the idea put forward by the hon. member for Lake Centre, the hon. member for Eglinton, the hon. member for Peel and others is something that the house and the various groups in the house should consider and try.

I support what the hon. member for Lake Centre has said with regard to the need of assistance to the opposition groups in the way of research and so on. In these days when we have so many activities and so many complex problems to deal with, it is impossible for individual members to dig up the information that is required. The advantage that the government has in dealing with these matters is perfectly obvious. There are the ministers, the ministerial assistants, the deputies and all the departmental officials. When a question comes up for discussion in the house, or when something is likely to be dealt with in the house, the ministers have all the assistance they require to get the information together for their own purposes. That is true not only in connection with the business of the house; I think many of us have reason to know that it is also true when public matters are being discussed in the country, whether it is during an election period or between elections, that the government side of the house has had an advantage all the time with regard to information. I hope that some way can be worked out to deal with the matter. The hon. member for Lake Centre suggested a way when he spoke of what was done in the British house with respect to the discussion of estimates; that procedure is rather different from the methods that we have been discussing this afternoon, but it indicates the attempt that has been made in what we sometimes call the mother of parliaments, to see to it that the public expenditures have a thorough investigation. Out of this discussion this afternoon I hope that something constructive will result.

Mr. Graydon: May I just point out to the hon. member for Rosetown-Biggar that I think he must be labouring under a misapprehension—

Mr. Coldwell: No, I am not.

Mr. Graydon: —on the question of the committee being set up on estimates. I think it was in the year 1942 or 1943 that I made my first speech in the house advocating that particular procedure. I remember only one member of the house, and he did not happen to be on our side, who objected to the procedure which I suggested. I have repeated that suggestion and have taken substantially the same position today. I never heard anyone in our group who opposed me on the position I took. Perhaps the hon. member for Rosetown-Biggar is mistaken, because on many occasions we have asked for this procedure, and I have not heard of any division on it.

Mr. MacInnis: On that point, may I point out that the opposition agreed to the abstract principle when it was raised, but when the matter was put in concrete form and the committee was offered, they refused to accept it.

Mr. Graydon: That is not true.

Mr. Coldwell: That is quite right.

Mr. Graydon: When was that?

Mr. Abbott: I have listened with a great deal of interest to this discussion, and I want to thank all those who have contributed to it for the objective way in which they have been considering the problem of an examination of the proposed public expenditures. I am not at all times in agreement with all the views expressed by my friend the hon. member for Lake Centre; but with a good many of those he has expressed today I am in agreement. I must say I do not think the House of Commons satisfactorily discharges its responsibility of examining in detail the estimates of proposed expenditures

for a year. I have been here for eight or nine years now, and for seven or eight of those years I have been closely connected with the Department of Finance. As hon. members know, the estimates for the year in considerable detail are tabled in the house early in the session. If parliament commences in January, they are usually tabled by the middle of February. They set out the proposed expenditures of the government for the year. Departments are opened as rapidly as possible, but for understandable reasons there is considerable delay in getting all departments entered so that they can be discussed. Moreover, when we do come to consider the estimates themselves, my experience has been that the discussion rarely relates to the particular item of expenditure under consideration. It usually relates to agriculture in general, or to transport in general, or to something else; but it does not relate to the particular thousand-dollar item or million-dollar item which may be before the committee.

If I may say so, in my experience in the House of Commons, with only one or two rare exceptions, I have heard no suggestion made to reduce any item under consideration. That, again, is understandable. I made a statement once in the house that the only place where reductions in expenditures were made was in my office. I said that, because that is the place where treasury board meets, and where we consider the expenditures of the various departments.

I do believe that the practice of consideration of departmental estimates can be better organized than it is at the present time. My hon. friend from Vancouver East (Mr. MacInnis) quite properly pointed out that the function of the committee of supply of the house, to examine proposed expenditures, is quite different from that of the public accounts committee, whose function it is to consider expenditures long after they have been made, in order to see whether or not they were properly made—and if they were not properly made to make a recommendation as to how the practice should be changed in the future.

Then, as to the suggestion that expert assistance should be made available to afford members of parliament in general, and perhaps members in opposition groups in particular, an opportunity to know what the real details of estimates are, let me say, as I said before, that the individual items and the details in the book of estimates itself are available early in the session.

I cannot speak for departments other than my own, but with respect to my own department I can say—and I feel it applies to other departments as well—that any member of parliament who asks either the minister or the permanent head of a department for information as to the details of a particular item in the estimates will receive that information.

I receive such requests fairly frequently from members—not as often as one might expect—but I do receive them, and endeavour to see that the information asked for is furnished.

So, if I may venture to offer the suggestion, I believe the remedy in great part lies with ourselves; and if we do not take up too much time debating matters other than those relating to public expenditures, and if when we do consider the estimates and restrict our discussion to the particular item before the committee, then perhaps the proposed expenditures will receive more detailed consideration than they do at the present time.

Just one final word as to the suggestion that we change the system, and that we have the estimates considered by special committees of the house. That procedure has been applied in only one case, namely in respect of the estimates of the Department of External Affairs. They have been referred to a special committee.

Mr. Graydon: And those of the Canadian National Railways.

Mr. Abbott: That committee considers the budget of the Canadian National Railways, not the estimates. The committee on railways owned and operated by the government is each year furnished with the capital budget of the railways and, I believe, with the operating statement. But those are not estimates; they are the regular railway budget. They are not departmental estimates voted by parliament.

The only items upon which the house is bound to vote, and which are considered in special committee, are the estimates of the Department of External Affairs. I am not a member of that committee, but I am told it has proved to be a most satisfactory committee. Perhaps it has been particularly satisfactory because foreign affairs in this parliament, as in the parliament at Westminster, have been dealt with almost entirely on a strictly non-partisan basis. There is never any question of partisanship entering into a discussion of external affairs. I have been told that in considering the estimates in that committee, as has been the case in the house, not too much attention is paid to the particular item in the estimates under consideration. Perhaps under the estimate for an embassy in some European capital the discussion is likely to range over Canada's policy with respect to the United Nations, or something else of that kind. However, as I say, I am speaking only

from hearsay. I am personally not satisfied that the committees system can be used generally under our British parliamentary system.

The point has been made that permanent officials should be made available before these committees to be examined as to details of expenditures. In a special case I think that is all right; but we must not lose sight of the fact that under our system the responsible minister must come to parliament, state his policy, state his items of expenditure and take the responsibility for them.

The hon. member for Peel (Mr. Graydon) has suggested that the minister is only the echo of the deputy minister, who gives the minister the information. I think that is not a fair statement, nor is it accurate. When we are in committee of the whole considering the estimates of a department, the minister of that department will have his officials in front of him. Then, when a question comes up, we will say, in connection with the experimental farm at Lethbridge, the amount to be spent and what it will be used for, the minister may consult his deputy minister, or whoever the official may be. But the minister gives the information to the house and takes the responsibility for it.

I must confess that I believe if we were to engage in any widespread system of committees examining expenditures, and of submitting permanent civil servants to long attendance before those committees to furnish details of departmental estimates, we would find that the public service might be seriously interfered with, aside altogether from the propriety under our system of questioning permanent officials on matters of policy.

Another reason I have always felt it is not desirable to delegate to committees the responsibility which rests with the House of Commons in connection with the detailed consideration of expenditures is that every single member of the house is entitled to look at the expenditures and to ask questions with respect to them. That is the traditional right of any member of parliament. I do not think we can delegate that right to any committee.

I am not saying that for certain special types of expenditures or special public services it might not be desirable, as obtains in connection with the estimates for the Department of External Affairs, to have the estimates in such cases referred to appropriate committees for consideration. However, I do not think that that can be accepted as a substitute for the general consideration which should be given in committee of the whole.

I was impressed by the suggestion made the other day by the hon. member for Peel that, in arranging for the introduction of departments, such departments should be entered as promptly as possible, and that the items for administration of as many departments as possible should be called in fairly early rotation, so that a general discussion could take place with respect to several departments in the early stages of the session. Admittedly many of the items appearing in departmental estimates do not call for extensive consideration. But if, instead of taking up eight or ten days in committee of supply to consider the estimates of one department, we were to alternate with others, I think it would be a better system. For that reason I would thoroughly agree with the views expressed the other night and repeated today.

I believe this has been a most helpful discussion. Hon. members who have presented their views have done so in a wholly objective manner. The hon. member for Lake Centre (Mr. Diefenbaker) has stated frankly that he does not place the blame on any party or group, and that this was a matter concerning which the responsibility rested with parliament. That is a view which I share completely, and I believe if we will all co-operate we can improve upon our present system of considering estimates and expenditures.

Mr. Knowles: Mr. Chairman, may I say a few words in connection with just one of the matters raised during this discussion. In doing so I wish to support the suggestion made by the hon. member for Lake Centre with respect to supplying of expert assistance to opposition groups to help us in our scrutiny of the estimates.

The minister's reply to that suggestion was that it is possible for any of us at any time to go to any department and obtain the information we might seek. I would confirm the statement he has made. I have done it many times myself—indeed I believe some of the best speeches I have made in the house have been those in connection with which I have obtained all the necessary information from government departments. I can think of one particularly when I spoke about old age pensions,—and I have spoken on that subject many times—in which the research was done at my request by the Department of National Health and Welfare. I found it quite useful and I know the same thing could be done in other departments. There is quite a difference between going to a department to ask for information or research and going to try to get someone in the department to tell you that certain things are wrong with the department. I do not think the employees in the minister's department would feel called upon to do that.

Mr. Abbott: I would hope not.

Mr. Mitchell: Page Mr. Douglas.

Mr. Coldwell: All right.

Mr. Abbott: That is the function of the opposition, not the civil service.

Mr. Knowles: There is the answer right there. The minister hopes that the employees in his department would not do that.

Mr. Abbott: They are under no obligation to do so.

Mr. Knowles: The Minister of Labour said that that is the function of the opposition.

Mr. Mitchell: All I said was, "Page Mr. Douglas".

Mr. Knowles: All we are suggesting is that members of the opposition should have some assistance in doing their job. I hope the minister will give further consideration to that suggestion.

Mr. Abbott: I understand it is the intention again this year to refer the estimates of the Department of External Affairs to the committee on external affairs.

Mr. Fleming: I am glad to hear the Minister of Finance say that it is intended to refer the estimates of the Department of External Affairs to the standing committee on external affairs for review.

I should like to make one or two brief comments on the observations of the minister with regard to the conduct of affairs in the committee on external affairs and in committee of supply. The minister said that it was not proper for members of the house to delegate their responsibility, and I take it that he meant to a committee. There has never been any suggestion that any member of the House of Commons was delegating his responsibility to that committee when the estimates of that department were referred to it. The estimates were referred to the committee after there had been some opening discussion in the house and what the committee did was to sift the items. I wish to say to the minister that I do not think the information to which he referred as hearsay is accurate. Certainly it is not complete because in that committee—I speak from personal experience because I have been a member of it since its beginning—there has been a detailed review of every item. Information was asked for by members of the committee and supplied by the departmental officials. Breakdowns of the items were supplied and we were given information as to expenditures in previous years. With the figures right in front of us we were in a position to compare the proposed expenditure with the actual expenditure in the previous year. As I say, the committee carried on the task of sifting. When the items came back to the house there was no restriction on the right of any member to obtain whatever information he thought he should obtain. But considerable information had been obtained already and considerable time of the house was saved by the work done in that committee.

In this connection I should like to call attention to a specific recommendation made to the house in 1947 by the public accounts committee. I have already mentioned the fact that the Auditor General made lengthy and detailed recommendations on this subject with the view of ensuring that the House of Commons would carry out its traditional responsibility to review proposed expenditures before voting supply. The Minister of Finance has drawn attention to the distinctive functions of the public accounts committee. It does review expenditures, but unfortunately that review cannot be made until at least a year and a half after the expenditures have been made. The work of reviewing estimates is an entirely different matter. It was with that in mind and after hearing the Auditor General that the public accounts committee made a recommendation to be found at page 551 of the proceedings of the committee for 1947. This recommendation reads as follows:

> Your committee is also of the opinion that the government should explore the desirability of establishing a standing committee on estimates.

Let us be frank about this matter. If one committee is charged with the responsibility of reviewing the estimates of all departments it will have a heavy task to perform. There are limits to the time that an hon. member can devote to a committee, but it seems to me that that recommendation at least points to the direction in which the house must proceed in modernizing its procedure if a really serious attempt is to be made to discharge our responsibilities as members of the House of Commons in the voting of public money.

Much could be done, and the Auditor General has pointed this out, to improve the form in which estimates are presented to the house. At the present time the information given in the volume of estimates is of only two kinds. There is the proposed expenditure or estimate for the current year which the government asks the house to vote, and then in the second column is shown the amount which was voted by parliament in the previous year.

Mr. Abbott: And the details at the back of the book.

Mr. Fleming: I am referring to the nature of the information. The details given in the later pages are of the item to be voted but nowhere in the volume is there information as to the actual expenditure in the preceding year. Surely that is the sort of guide that hon. members need to assist them in deciding how much should be voted for a particular item for the current year. It should not be too difficult to get that information. The Auditor General recommended that that information should be given in the printed volume of estimates. He pointed out that it would save much time by eliminating the asking of questions about actual expenditures.

Mr. Abbott: In my experience it has seldom been possible at the time the estimates are printed to have available the actual expenditures in the preceding year. My hon. friend will appreciate that the estimates for the fiscal year are usually prepared in November or December. As a matter of fact I am writing to the departments today asking them to have their departmental estimates in for consideration by the treasury board by the end of November. However, they are seldom finalized, if I may use that word, until the middle of January. It is not always possible to have available at that time the actual expenditures in the previous year, but that information is almost invariably available when the item comes up for consideration in committee.

Mr. Fleming: I had that point in mind and I was just going to speak about it. The suggestion was made that as the printed volume was prepared toward the end of the fiscal year it would be possible at that time to give actual expenditures for eight or nine months of the fiscal year, with an estimate of anticipated expenditure for the balance of the year. That was also discussed in the public accounts committee.

Then with regard to obtaining information in the committee of supply, I have had some experience with the estimates of the Department of National Health and Welfare for several years. In an earnest attempt to save the time of the committee I asked the minister —this is a matter of record, at least for 1947 and 1948 and for other years as well—when the first item was under consideration to supply the committee with a breakdown of expenditures in the preceding year. With that information it would not have been necessary to ask questions on each individual item. However, each time I have been met with a firm refusal by the Minister of National Health and Welfare, and I was forced to take up time on each item to ask for the corresponding expenditure in the preceding fiscal year. I say that was a ridiculous waste of time. There is no reason at all why a minister, coming before the committee of supply with his estimates, should not be in a position at the very outset to supply the committee with a complete statement of the actual expenditures of the previous fiscal year item by item. That will save the committee of supply much time.

I should like to refer to two of the recommendations of the Auditor General to be found at page 429 of the proceedings of the public accounts committee of 1947. The second recommendation is in these words:

> There may have been a time when the committee of supply minutely examined estimate items, but demands now made on the time of the House of Commons are such that complete examination of estimates is impracticable. Estimates should now be presented in such a form that members do not have to guess purposes to which votes will be applied.

In his third recommendation he says:

> It is suggested that, instead of members of parliament having to seek explanations from ministers, "details" printed with the estimates should be in narrative form, setting out (a) the objects and purposes of the items; (b) explanations of increases; (c) the acts, if any, which will regulate application; (d) the anticipated revenues; (e) comparisons with previous years, and (f) such other information as is necessary to permit members to familiarize themselves with the purposes and implications before items are called by the chairman of the committee of supply.

These recommendations were the product of the thought and long experience of the Auditor General, one of the most respected officials in the entire public service of Canada.

I have one final comment to make on the minister's suggestion—and I cannot refrain from calling it a bogey—that we are challenging the principle of ministerial responsibility whenever we propose that a committee of the house should be established. Surely when the committee is simply appointed by the house, has to report back to the house, and the house takes the responsibility for everything that is done, it cannot fairly be said that there is any breach of the principle of responsibility.

In this parliament above all previous parliaments it seems to me more necessary than ever that members should be afforded every opportunity to obtain information, and to see that the house, with its large government majority, functions efficiently, and that the fullest possible information is made available in order that the house may study the problems before it.

I think that will apply particularly to the voting of supply. There are nearly one hundred new members in the house, every one of whom, along with those who have been

here before, will profit by additional information and in other ways from the opportunities afforded in a committee of eliciting useful information, which are not afforded in the big committee of supply with a procedure that is so clumsy, in relation to a task of this kind, as to make it impossible for us to discharge our duties properly.

Mr. Drew: Mr. Chairman, I believe the discussion this afternoon has been one of the must useful that has taken place since the beginning of the session. In replying to the remarks that have been made, the Minister of Finance said that a large part of the remedy lies with the members. The whole debate has taken place on a basis that is in keeping with the importance of the subject that has been brought forward. I think we can go further, however, and say that the whole remedy lies with members of the house because this is the only place, subject to the concurrence or otherwise of another place, in which the remedy for the situation can be found.

I do not think that the discussion should be allowed to end where it is now. Many constructive suggestions have been made, and the fact that they are constructive has been shown by the response of the Minister of Finance to what has been said. There are some points which perhaps have not been sufficiently emphasized in relation to what has taken place in the last few years. The system under which the house is called upon to exercise its greatest responsibility, that of providing supply, is one that was devised for a time when expenditures authorized by the house were smaller than those of some of the individual provinces today in their own fields.

At a time when expenditures placed before the house were only a small fraction of what they are now, it may well have been possible to examine each item and to consider it in that measure of detail that is consistent with the need for actual knowledge of what the item means before it is passed, if that approval is to mean anything. The minister has said that when items come up for discussion a great deal of time may be spent upon one department, and in the case of another department spending as much or more hardly any time at all may be devoted to a number of items. There is a simple explanation for that fact. In the case of agriculture and other departments where a number of members have a ready knowledge of the type of things for which the money is appropriated, it is much easier for them to ask questions which are related to the real purpose for which the money is set aside. But with the increasingly complex requirements of government administration, and with the many completely new fields into which government has entered in the past few years, there are many items about which most members have little information from their own past experience. Consequently, without an extended cross-examination of the minister as to the details that lie behind even a very large item, it may not be possible to secure a clear picture of the purpose for which that amount is included in the estimates.

I think there is a misconception in the suggestion frequently made in the house that it is not in keeping with our parliamentary system that there should be a delegation of ministerial responsibility to committees. There is no suggestion of delegation of ministerial responsibility if a subject under consideration by the house is placed before a committee so that members of the house may have all the information they should have before they are called upon to ask the minister those questions which will bring out all the facts that the house should have before reaching a decision. On the contrary, our system implies full knowledge of all essential details in the possession of every member, whether or not he is a supporter of the government. That is the very foundation of our parliamentary system. No matter how intricate the subject may be, no matter how long it may take to obtain the essential information, our system can only function if every member of the house is able to obtain information which enables him to reach a decision with full knowledge of every relevant fact.

Now that this discussion has arisen this problem should be met and a solution found. Our whole system has advanced through examination of the procedure and developments related to the expanding responsibilities of the government and the parliament which is called upon to approve the actions of that government. There is a great difference between the public accounts committee and the examination of the estimates, which was emphasized in the first instance by the hon. member for Lake Centre when he dealt with this subject. The reports of the Auditor General themselves constitute the strongest possible argument for an improvement in our system of dealing with estimates. Year after year the Auditor General refers to some item where the procedure should have been different; and in a number of instances large and important items are referred to in a way that indicates quite clearly that hon. members were not aware of what really were the details concerning those matters. If this subject is to be dealt with effectively we must approach

it on the basis of the scale of governmental responsibility today, and seek to find a solution that will make it possible for hon. members to fulfil their responsibilities and also to avoid unnecessary debate, which could be eliminated if the necessary facts could be obtained in another way. One of the most important problems facing this parliament is to find a way of shortening its sessions, without in any way limiting opportunities for debate. It will become increasingly difficult for men and women across Canada to offer themselves as candidates for parliament if the sittings of this house continue to increase in length year by year. The effective use of committees of the house is one way in which the session could be shortened, at the same time permitting parliament to discharge its duties more efficiently. If these estimates were referred to the committees whose activities relate to their subject matter, there would be no delegation of ministerial responsibility.

Mr. Abbott: I said a delegation of parliamentary responsibility, not ministerial responsibility.

Mr. Drew: There was a time when we mentioned ministerial responsibility.

Mr. Abbott: I did not mean to suggest that it was a delegation of ministerial responsibility.

Mr. Drew: Then let me say there would be no delegation of parliamentary responsibility, because the very existence of the committees indicates quite clearly that their activities have never been regarded as a delegation of parliamentary responsibility. This whole system of committees is embedded in our parliamentary system, and has been for many years; and the purpose for which committees have been provided is to give hon. members an opportunity to obtain information that will facilitate and expedite the business of the house. If a committee dealt with the estimates of a particular department and the experts and departmental officials were brought before that committee, with plenty of time at their disposal the members of the committee, representing both sides of the house, could obtain essential information in a way that is not possible here in the house, where a member may only ask questions of the minister. Then the minister quite frankly finds it necessary to lean over and ask his departmental officials for the answer. He is given that answer either orally or on a slip of paper, and that limited information is what comes back to the member.

Let us not pretend that this system is nearly as satisfactory as one under which members from both sides of the house could ask appropriate officials exactly what is involved. I want to emphasize that I do not think anyone on this side has been suggesting that such questioning should relate to whether the officials think the department could be better operated or better run, but certainly those who are called upon to discuss these questions have the same right as the government itself to know whether there might be an alternative method of presenting these figures, whether they could be presented in simpler form, or whether they could be placed before the house in a way that would provide more information. That is the sort of questions that might be asked. When that information was obtained the various details could be secured which would make it possible for those members in turn to be fully prepared to come into the house and deal with the estimates in a way that would save time here.

As was pointed out, the estimates of the Department of Agriculture take a very long time. Probably they would take a very short time if the committee had the opportunity of examining them in advance. Hon. members belonging to that committee could obtain the information they require, and then would be able to present their opinions as to what should be done and, of course, in the general discussion of the estimates they would offer suggestions as to how the administration of the department could be improved or changed.

We must remember that the public accounts committee can only deal with accounts which are practically two years old. What is essential here is that hon. members be placed in a position where, with equal efficiency, they can deal with the items they are required to pass upon, concerning future expenditure. As has been pointed out on a number of occasions, there is a great difference between our system and that of the United States. However, we can perhaps consider what happens there, because they are handling enormous sums of money. All their estimates do go before committees, where they are subject to the most searching examination.

Mr. Abbott: They come from committees.

Mr. Drew: And they come from committees.

Mr. Abbott: They originate in committees; that is the difference.

Mr. Drew: There is a difference in the system. They do not, Mr. Chairman, originate with the committee, they originate with the officials who place the estimates before the committee. Then the committee deals with the estimates, after which they go to congress. They originate in the very same place that they originate here.

Under our system, the minister takes the responsibility of presenting the figures that have been prepared by his officials. In the United States the officials prepare the figures in precisely the same way, and hand them to the committee without having them dignified by the formality of being put forward by the minister.

Mr. Abbott: In the United States, there is not responsible government; that is the fundamental difference.

Mr. Drew: I recognize that difference, but in the end we come back to the responsibility of the minister. We must remember that, as the minister himself has pointed out, we are talking about the responsibility of parliament as well. We have not only a system of responsible government, but we have a system of responsible parliament and that also is different from the United States system. Under our system of a responsible parliament, just as under our system of responsible government, there is that essential difference. In the end, however, we must assume the responsibility; in one case, the minister for presenting the figures, and in the other case, the members for passing them.

Under our system of responsible government, the minister has the opportunity of asking each official any detail that he wants. Every member of this house, Mr. Chairman, has a duty to have every essential fact before he passes upon the figures that have been presented by the minister. With the tremendous expenditures that are now put before us, there is no way in which this house will be able to deal effectively with this subject, unless some procedure is devised by which essential information may be obtainable which is not made available in this house. I repeat that we have not an opportunity of examining the experts. The experts are here to advise the minister, as quickly as possible and as comprehensibly as possible, in regard to questions that are asked on the floor of the house. That procedure does not elicit the information which each of us should be able to get.

Now, as an alternative method of obtaining information from departmental officials, which was partly implied by the minister, I feel sure that legitimate objection would be raised if a constant unorganized effort were made to obtain this kind of information. It would create confusion. I am not suggesting for one moment that there is any desire to prevent the members obtaining the information. One could easily imagine, however, the confusion that would result if, according to their own whim, any one of the members at any time attempted to detach officials from a department for the purpose of conducting his own inquiry into those accounts. It could create confusion which might impair the efficiency of any department.

I suggest, Mr. Chairman, that the discussion that has taken place this afternoon indicates that now is the time to tackle this problem. The minister admits that we have passed the time when the older system fully meets our requirements. Many of the members have made it quite clear that they do not believe they can obtain the information they should have in this way. Above all, there is a necessity for using another system to shorten the inquiry which takes place in this house, and which in many cases is lengthened simply because of the system we now have.

While it is not possible to put this forward in the form of a motion, in view of the statement made by the minister that the answer rests with ourselves, I do urge that he give immediate consideration to the advisability of setting up a small select committee of this house to consider and recommend an improved procedure for examining and dealing with estimates of expenditures placed before this house. If that is done, then the work of the minister as well as the work of the members will be facilitated and we shall have started back towards a responsible parliamentary system. It is all very well for us to talk about a responsible parliamentary system, but the test of our responsibility is the extent to which we pass supply with knowledge of those facts that assure that we have accepted our responsibility.

Mr. Abbott: I just want to make one comment in connection with my hon. friend's remarks. I know that the hon. member for Peterborough West (Mr. Fraser) wants to say something. In part, what I had in mind when I said the remedy lies with ourselves was that, before we go too far in changing our system, I would appeal to the hon. members to make use of what already exists. In this book of estimates which I hold in my hand, there are over two hundred pages in fine print. Those pages contain details, rather specific and comprehensive details, of the various services. Before I was a parliamentary assistant and before I was a minister, I was a private member. I am free to confess that even for those departments in which I was interested, I never took the time or trouble to examine any of the details of an item until that item came up in the house. Perhaps I was an exception, but I do not think so.

I believe it is fair to say that the majority of members, through pre-occupation with other important matters, do not spend a great deal of time studying this volume which is tabled every year about February 15. I agree with my hon. friend that if every member of

parliament went haphazardly to the heads of the different departments and requested specific information about every item, it would mean a very heavy burden on the department. If any member of parliament, however, takes any single item in this book of estimates and, after examining the detail in the back of the book, desires further detailed information about that item, I can assure him that the departmental officials will give him every bit of information that they give to the minister of the department concerned. That does not mean, of course, that there will be time available in the house for the careful, detailed consideration that perhaps some members would want to give. I simply say this: do not let us condemn the system or the lack of information until we organize our own debates so as to facilitate the discussion and as long as we fail to make use of the information which is available.

Mr. Fraser: I see the Minister of Labour has just come in, and I wish to take one item in his department to illustrate something that I have said a number of times in this house. The estimates do not give the full details for any department. Even if you look in the section for the department concerned, you cannot find all the expenditures of that department.

Although the Minister of Labour is responsible for unemployment insurance, we have to go to the public works department to find added figures with regard to the unemployment insurance commission. It is quite a chore to go through all these items to find the details for one item. There is page after page for buildings that are rented by the Department of Public Works in the province of Ontario, which are put at the disposal of the Minister of Labour. The Department of Public Works pays for the construction of those buildings in some cases, the improvements, repairs, rents, salaries of cleaners, furnace men, the coal, water, light and elevators; everything in connection with the building. Those amounts, however, are not chalked up against the Department of Labour. If our estimates and our accounts were run in the way a business company would run them, we would not have estimates in this style. We would have estimates that would be easy to read and that any businessman could check easily on the minister's items alone instead of having to go to other sections.

I notice under unemployment insurance you go all down the line, Fort William, Galt, Gananoque, Gloucester township and so on, page after page. After checking for other items, in Ontario alone there is almost $600,000 extra that we have to check into in the unemployment insurance section of the minister's department. The minister shakes his head.

Mr. Mitchell: I will answer the question if my hon. friend wants me to.

Mr. Fraser: I believe I am right. I am something like the Minister of Finance. I have not gone into all these details.

Mr. Abbott: Why go into all the details now? I was thinking of when I was a private member.

Mr. Fraser: The minister goes into all the details now because it is his responsibility. When he was a private member of the government party he said, Let the minister do it, not me. But in opposition it is different. We want to catch the minister on something that is wrong.

Mr. Abbott: You cannot do that. That is attempting to achieve the impossible.

Mr. Fraser: The minister stated that in few cases have members asked for a reduction. I am one of those who have. I see that the Minister of Labour wants to get to his feet.

Mr. Mitchell: No, I do not. But I will answer my hon. friend.

Mr. Fraser: I have here the public works estimates, and in them, all the way down, one thing will be noticed. Let us take Toronto alone.

Mr. Abbott: Before the termites got there?

Mr. Fraser: Yes, this was before the termites got there. They have there a number of buildings. A number of them are unemployment insurance commission buildings, and so it runs. Here is one building, $58,000. But that is not in the minister's own estimates for that department. If the minister wants to answer me, I will give him the opportunity.

Mr. Mitchell: The hon. member for Peterborough West is talking as a businessman, and I appreciate that fact; and I think he will agree with me that most government businesses are run in reverse, even the restaurant.

Mr. Fraser: Unbusinesslike.

Mr. Mitchell: There you get a $2 meal for 75 cents. I do not go there often.

An hon. Member: Why?

Mr. Mitchell: For obvious reasons. I will let the hon. member draw his own conclusion.

Mr. Abbott: To keep your girlish figure.

Mr. Mitchell: May I say this to my hon. friend. I think all hon. members will agree that my organization co-operates with all hon. members to the best of its ability.

Mr. Fraser: Yes. I made no reflection at all.

Mr. Mitchell: I understand that. If my hon. friend were a businessman, he would perhaps dictate a memorandum to one of his staff if he wanted to get some information. As to my department, that is all you have to do. You do not even have to put a stamp on the letter. You do not have to write a long letter. You just have to say that you want to know what is going on in Peterborough, and we will tell you. It is just as simple as that. Might I also say this to my hon. friend. It is estimated that every minute this House of Commons is in session it costs $60. I think his little speech will be chalked up as expenses against the city of Peterborough unemployment insurance. I do not say that in a critical sense. My hon. friend and all other members can rest assured that as to my department—and I am sure the same is true of every other department—if you want information in advance, we will get it for you. If you write to the wrong department, we will see to it that the letter is sent to the right department. We cannot be any fairer than that.

Mr. Fraser: I asked for a little bit of information, Mr. Chairman, but the minister got to his feet and never answered my question at all. He got off on the wrong track. He switched back on something and he chalked up some money against me. I do not know what it is, but I figure that the time the minister took will also be chalked up against him; and he has taken more time in this chamber than I have. But I am asking the Minister of Finance now if he does not think that the whole estimates of a department should be put down in the book of estimates for that department and not spread out by the Department of Public Works.

Mr. Abbott: I will answer my hon. friend in this way. It is not necessarily an argument that it is right, but for a great many years the Department of Public Works has acted as the government landlord, as it were. It has purchased buildings, maintained them and repaired them for other departments. That has been one of the traditional functions of the Department of Public Works. I think that in some cases—and my colleague the Minister of Public Works will correct me if I am wrong—there is included in the departmental estimates an item to reimburse the Department of Public Works for expenditures which are made on behalf of that department. Offhand, I cannot answer whether that is the case with the unemployment insurance commission but I am inclined to think that it is.

Mr. Fraser: I could not find it.

[Mr. Mitchell.]

Mr. Abbott: Possibly we should make some changes in that system. That is the sort of thing I should be glad to consider. I have listened with interest to the opinions expressed here, and I should be glad to discuss with the comptroller of the treasury and the departmental officials whether the method of set-up of the accounts can be changed to make them more clearly understandable. In fairness to my own department and to my own officials, I want to say that I am convinced that the public accounts today are presented in a clear and comprehensive fashion. In my personal experience I have had a good deal to do with seeing to the presentation of accounts; and as public accounts go, I think the public accounts of Canada are clearly presented and clearly understandable. That does not mean that they are perfect. It does not mean that there cannot be made changes which would make them clearer still. In answer to my hon. friend with respect to public works items, I can simply tell him, what he well knows, that that has been the method, probably since confederation, of presenting these figures.

Mr. Fraser: I understand that. But during the first years of confederation little money was spent. It was a matter of only a few million dollars. Now the figures are up into the billions, and I really believe that a change should be made. I mention the fact that the Department of Public Works takes care of a number of other departments but at the same time the treasury officers of the Department of Public Works are paid for by the Department of Finance.

Mr. Fournier (Hull): That applies to other departments.

Mr. Fraser: That applies to the other departments; but because of the fact that it applies to the other departments, it does not at the same time give a true picture of any department because a number of officials in each department are paid for by a different department. I feel that even those treasury officers should be charged up to the proper department.

Mr. Abbott: I will answer my hon. friend in this way. He is dealing with an accounting matter, namely the provision of treasury officers in the Department of Public Works or in any other department. They are in effect performing the functions of internal auditors, and in an ordinary commercial corporation they would be charged up to the corporation.

Mr. Fraser: That is right.

Mr. Abbott: But in this case the corporation is the Dominion of Canada.

Mr. Fraser: That is right.

Mr. Abbott: In a private corporation the internal audit in the sales department or in the manufacturing department is not necessarily charged up to that department as such. It is probably charged up to general overhead because that is what in fact it is. I am not an expert accountant, although I have considerable knowledge of accountancy. As I say, there may be a clearer way of presenting these estimates, but I do not think it is misleading to have the treasury officers who perform the function in the Department of Public Works charged up to that department and the treasury officers in the other departments charged up to those departments. It all comes back to the same place in the end, that is, to the taxpayers of Canada generally. As long as the system is understood by those who are considering it, I do not think there can be a great deal of misunderstanding on that point.

Mr. Green: Does the Minister of Finance not think that a greater use could be made of the public accounts committee? We have an Auditor General who is exceptionally capable, one of the senior officials of the government, who reports—

Mr. Abbott: To parliament.

Mr. Green: And he reports directly to parliament. Each year he brings down a very comprehensive report, in my opinion a report which is well worthy of study. Then nothing happens. I think once or twice that report has been referred to the public accounts committee; but the discussion in committee has been more or less at random, and certainly not undertaken in a thorough way.

It does seem to me that is one of the great weaknesses in our system of checking expenditures. I realize that in the past the public accounts committee has been used as a political committee. I remember different questions being referred to it—such as the Bren gun inquiry, in which I took part myself. Then, there have been conducted by that committee other inquiries which were political in their nature.

But it does seem to me there is work of a non-political nature which could be done by that committee, namely carefully reviewing the report of the Auditor General. There are 50 members on the public accounts committee, and if they were given the opportunity to review the public accounts they would acquire a pretty fair knowledge of the expenses incurred by the government. They would be able to make many suggestions which would help cut expenditures, and improve our whole method of conducting the business of the country.

As the minister knows, the government has never willingly given the public accounts committee any work.

Mr. Abbott: Will my hon. friend allow me to answer at this point?

Mr. Green: I suggest the minister himself might well take the lead in asking the public accounts committee to go over the report of the Auditor General.

Mr. Abbott: I want to answer the hon. member on that, because I think unintentionally he has not been quite fair. This matter of the public accounts committee is one place in which parliament, as distinct from the government, can exercise its responsibility.

As my hon. friend knows, the public accounts committee is a standing committee of the House of Commons, and it is open to any member to ask that the committee be called together. And so far as I am aware—and this is certainly true since I have been Minister of Finance—no government has refused, or been reluctant to move to have the public accounts for a particular year referred to that committee. I know that, without the slightest fear of successful contradiction. I assert now that this is the place where parliament, as distinct from the government, can exercise its responsibility.

The Auditor General is an officer of the House of Commons, and the public accounts committee is a standing committee of the house. It is open to my hon. friend or to any other member to ask that that committee be set up and organized, and that the public accounts be referred to it—and I personally would be very happy, and have always been very happy, to refer the public accounts to that committee.

Mr. Green: I was trying to be helpful. I was not criticizing the minister.

Mr. Abbott: What is that?

Mr. Green: I was not trying in any way to be critical of the minister.

Mr. Abbott: But the point is that it is not the responsibility of the minister to ask that the public accounts committee be organized, or that the public accounts of Canada be referred to that committee. That is the responsibility of members of parliament.

Mr. Green: But there is quite a difference between any private member asking that the public accounts committee be called, and then going into that committee without being in

a position to see that an effective check is made of the public accounts, and the government calling that committee together. The government has a great majority on every committee. What I was suggesting is that it should take the lead in arranging that the public accounts be considered by that committee. If the minister does not wish to do it that way, then perhaps it could be done by getting the leaders of the different parties in the house together, and having them agree that the public accounts be referred to the public accounts committee, and an attempt made to go carefully into the statement of the Auditor General.

I am confident the results would be beneficial to the minister himself, if that kind of check were kept on expenditures. It would also give private members of the house who served on the committee a much better knowledge of the way government business is carried on in Canada; and I believe that eventually, within a year or two, the result would be that members of the house generally would be far more proficient when considering estimates. However, that is only a suggestion.

Mr. Abbott: Perhaps my hon. friend and I have been talking at cross purposes. Let me make myself clear. The Minister of Finance has a great many responsibilities; but the responsibility for the calling together of the committee on public accounts and referring to that committee the public accounts of Canada is not one of them.

It is open to any member of the house to ask that the committee be called together. The Minister of Finance has not the slightest objection to having the accounts of the past year or of any other year referred to that committee, and would willingly facilitate that procedure. But I repeat that it is not his responsibility.

Mr. Green: Can the minister suggest a way in which this could be worked out effectively? I understand his position is that he personally does not feel he should have to do it. But surely there should be some way in which it could be worked out?

Mr. Abbott: I am not an expert on procedure, but I believe I did suggest a way. The hon. member's colleague, the hon. member for Grenville-Dundas (Mr. Casselman), is perfectly well aware of what has to be done to have the public accounts committee brought together. And, as I have said, the minister will facilitate in every way the consideration of the report of the Auditor General before that committee.

[Mr. Green.]

Mr. Green: If it is done in the way in which the minister suggests, then that means that the opposition will be considered to be walking into that public accounts committee looking for a fight.

Mr. Abbott: Not necessarily.

Mr. Green: And the government members would come to the committee prepared to put up a defence. Other parties in opposition would be considered as also looking for trouble. Of course that is the wrong attitude in which to get results in the committee. What I am suggesting is that a warlike committee—and warlike committees have their points—is not the most effective. A businesslike committee would be more desirable. Certainly we could not have the committee meeting in a businesslike frame of mind if it must be called together by some member of the opposition demanding such action.

Mr. Fraser: I believe it was the former prime minister who said only a few years ago that any member could call the public accounts committee together, but on his own responsibility—and he stressed that feature.

Mr. Abbott: If I may just intervene again—let us try to have this clear: The public accounts committee is a standing committee of the House of Commons. I quite agree with the hon. member that when it is examining public accounts it should not be functioning with the attitude of a fishing expedition or a scandal-finding committee. It should be attempting to work in a constructive and objective way.

If, as I suggested, the Whips were to get together—and that is what I meant in my suggestion when I referred to the hon. member's colleague from Grenville-Dundas—the desired result could be accomplished of calling the committee together.

Perhaps it is an unfortunate coincidence that the public accounts committee seldom sits, with the exception of sessions preceding elections. I do not know why that is so—probably in the past it has always been in the hope of uncovering something to discredit the government of the day. I agree that that is not the way in which the work of the committee should be approached. But I repeat that it is a committee of the house and not a committee of the government. It is not the responsibility of the government to initiate a reference to the committee on public accounts.

The government, and I speak only in my capacity as the Minister of Finance, responsible for the accounts, will co-operate in every way for a proper consideration of the

accounts before the public accounts committee—and so far as I am concerned, I will make it as non-partisan as possible. But I wish to make clear what the legal and practical situation is.

Mr. MacInnis: The hon. member for Vancouver-Quadra touched upon a point I mentioned when I spoke as the second speaker in this debate. I am at a loss to understand how we can accomplish what he would like to do. He says that these accounts would be examined in a non-partisan or non-political spirit. While it is desirable, with the composition of this or any other house being as it is, I submit that that is quite impossible. If the hon. member means anything he means that the opposition will not look for anything, that they will just go over the accounts; they will not be looking to see if expenditures have been properly made or if expenditures have been made that should not have been made. If any such expenditure has been made, the government is not going to try to prevent the facts coming out. That is not being realistic about the matter. I agree that there is no difficulty in getting any standing committee set up, but if the public accounts committee is going to examine accounts in the way the hon. member for Vancouver-Quadra has mentioned, several things will have to be done. Perhaps one thing would be to have the committee composed fifty-fifty of government and opposition members. There might be difficulty there because that is not the way the other committees are set up, but if it is the intention to examine these accounts without fear or favour perhaps that is the first thing that will have to be done.

Mr. Green: Does the hon. member not think that private members on the government side of the house who were on a committee of that type would be just as ready as an opposition member to point out where they thought mistakes had been made? The hon. member is taking it for granted that the government members are all going to try to hide everything.

Mr. MacInnis: If the hon. member for Vancouver-Quadra will tell me what the purpose is of the inquiry in the public accounts committee then I will say whether or not I think private members on the government side will be as anxious as he is to bring out everything.

Mr. Green: Check the auditor general's report.

Mr. MacInnis: I cannot see members on the government side trying to find out if there is anything wrong with expenditures that have been made. I think that is asking too much.

An hon. Member: That would be a miracle.

Mr. MacInnis: That would be a miracle and that kind of miracle does not happen. If the proceedings of the public accounts committee do not give a true picture then it is up to the opposition to bring out the facts. As I said before, we might as well be realistic about it.

Mr. Drew: Mr. Chairman, I think it would be well if we could get back to what the discussion was really upon this afternoon, the voting of interim supply. Growing out of the discussion of interim supply the hon. member for Lake Centre in a clear and extremely useful proposal pointed out that it would be highly desirable if in examining the estimates we were able to adopt a procedure similar to the efficient system employed in Westminster. It was suggested that we would then be able to prepare ourselves to consider the estimates and assume our responsibility for supply. We would then have before us the essential facts which we should have before us before accepting our responsibilities. It was in relation to that proposal and the suggestion for improving the system of examining our estimates and assuming our responsibilities for supply that I proposed to the minister the consideration of setting up a select committee to consider the improvement of our system for examining these estimates before we pass upon them and to make recommendations thereon.

I realize that the subject of the public accounts committee has also been under discussion, but I do not think we should confuse the two things. The public accounts committee deals with what has passed, and what has considerably passed. It is important that we should deal with that. So that there may be no doubt about our position, we propose to insist upon the calling of the public accounts committee at the next session when we will be able to deal with exactly the same accounts that we would deal with this session. That is why we are not insisting upon the calling of the public accounts committee during this autumn session.

Mr. Abbott: I think the hon. member is quite right. We would not have time to go into them at this session and we can do the same thing at the next session.

Mr. Drew: The only reason we are not asking for the calling of the public accounts committee is that the last public accounts that are available are those presented by the Auditor General up to March 31, 1948.

Mr. Abbott: I announced the other day that the new ones are in the hands of the king's printer.

Mr. Drew: We will be able to deal with the accounts that are before us now during the next session. Having said that, and having supported what has been said by other members in regard to the desirability of a wider use of the public accounts committee, I emphasize that my proposal for the setting up of a select committee did not relate to the public accounts but to the examination of the estimates so that we might be really prepared to assume the greatest responsibility that we are called upon to assume as members.

When the Minister of Finance says that at the back of this book are a number of pages containing details, and suggests that perhaps we do not examine those details, I think hon. members will recall that when estimates were under examination before hon. members displayed a considerable knowledge of the details. It is the necessity of going behind those details that we are discussing. No one has suggested any impropriety in the form; what is being suggested is that there should be an easy and workable method by which essential information can be obtained.

Let us take one example, the Department of National Defence estimates for the equipment and supplies required by that department. Under broad reference in each department expenditures of some $218 million are provided for. No one can tell by examining those items what are the essential details, and yet these items equal the total expenditures by the government of Canada a comparatively few years ago. All that is suggested is that we find some mechanism by which hon. members can in an orderly way, and assuming their responsibilities for supply, find out what the details are so that when they come into the house the items can be discussed with full knowledge. It was in relation to that suggestion and only to that suggestion that I made the proposal for a select committee.

Mr. Bater: Possibly as a new member I should not get up on this occasion, but I have listened to the statements made this afternoon, some of which have indicated that hon. members think the sessions should be shortened. I say now that I will not go back to my constituency and say that I am in favour of more business of parliament being done in some of the little anterooms in this building. I contend that open discussions in this chamber are the very pillars of democracy. The very essence of our parliamentary system lies in the fact that we have the right to say: Mr. Speaker—or Mr. Chairman—we would like to know this or that, or we believe this or that. With these four galleries around us, I maintain that this chamber is the place in which to transact most of the nation's business. I quite agree that possibly there should be adopted some method whereby we can become more rapidly familiar with the operations of the various departments, but I think each party can make a start by instituting study groups if they wish to acquaint new members with the workings of the different departments of government. It is suggested that the proposed plan will shorten the sessions of parliament, but let me say that at times the percentage of attendance has not been very high in some quarters of the house since the session began. Perhaps they want a still shorter session. I would not like to see the system changed so that more would be done in committees and less in the house.

Mr. Shaw: Mr. Chairman, my colleagues and I are fully prepared to support the proposal that a committee be set up for the purpose of endeavouring to determine more effective methods of dealing with the estimates. We quite properly disagree, however, that we should guess, as it were, what the possible outcome might be of such action. It has been indicated this afternoon that all the estimates should be referred to committees of the house. Naturally we hold individual opinions as to the result of such an action. Personally I find it extremely difficult to agree that, by referring all the estimates to various committees, satisfactory results would be obtained. I think of the multitude of new committees that would have to be set up. I think of committees sitting concurrently and making it utterly impossible for an individual member to attend all of them, or even to attend when matters of special interest to him were being considered. I can conceive of such committees sitting morning, afternoon and night in order to accomplish their purpose.

Some emphasis has been laid on the necessity of shortening our sessions. I am not quite so certain that that should be our objective. In my opinion the objective should be greater efficiency, and not necessarily shorter sessions. Of course, if the two could be achieved in one move that would be fine, but those of us who have been here for a considerable period of time realize that we really move swiftly during the last month of any session of parliament. Will any hon. member say that our most effective work is done during that period or that the word "efficiency" would be a proper one to associate with our actions at that time?

With respect to the information that is available in connection with the estimates, I would be the first to admit that there is far more information available than I have made use of. Agriculture was referred to

this afternoon. I am not unmindful of the fact that, quite apart from the details of the agricultural estimates that are supplied, we have the report of the Department of Agriculture, and we also have detailed information as to the operation of such activities as P.F.R.A. and P.F.A.A. Personally I think there is a good deal of information available if we avail ourselves of it. I would hasten to add that there are a number of things that could quite properly be referred to committees, but speaking for myself I cannot see that efficiency or satisfaction will result from referring all our estimates to the various committees that exist now, or that may be created at some future time.

Mr. Abbott: I want to conclude by saying that I think we have had a most helpful discussion. I do not think members of the committee expect me to express any specific views as to the different suggestions that have been made, but I shall be very glad to consider, between now and the next session, what the government might do to expedite the efficient study of the estimates. I think with the co-operation of all parties we should be able to effect some improvement in our system.

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. Dion in the chair.

Mr. Abbott moved:

Resolved, that towards making good the supply granted to His Majesty on account of certain expenses of the public service of the fiscal year ending 31st March, 1950, the following sums be granted out of the consolidated revenue fund of Canada, namely:

1. The sum of $114,516,603.83, being one-twelfth of the amount of each of the items, except items 43, 419 and 452, as set forth in the main estimates for the fiscal year ending March 31, 1950.

2. The sum of $5,012,437.50, being three-twelfths of the amount of item 559 as set forth in the main estimates for the fiscal year ending March 31, 1950;

3. The sum of $2,446,984.33, being one-twelfth of the amount of each of the items, except item 681, as set forth in the supplementary estimates (Newfoundland) for the fiscal year ending March 31, 1950;

4. The sum of $5,876,758.33, being one-twelfth of the amount of each of the items as set forth in the further supplementary estimates for the fiscal year ending March 31, 1950; and

5. The sum of $2,302,500, being nine-twelfths of items 779 and 935 of the further supplementary estimates for the fiscal year ending March 31, 1950.

Ways and Means

Resolutions reported, read the second time and concurred in. Mr. Abbott thereupon moved for leave to introduce Bill No. 118, for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1950.

Motion agreed to, bill read the first and second times and the house went into committee thereon, Mr. Dion in the chair.

Section 1 agreed to.

On section 2—*$114,516,603.83 granted for 1949-50.*

Mr. Knowles: It is clear, is it not, that in no case have we yet passed twelve-twelfths of any single item?

Mr. Abbott: That is correct. The highest proportion is eleven-twelfths in certain special items which I have indicated. The total being voted under this bill will be $130,155,283.99.

Mr. Fraser: May I ask the minister the same question I asked before, changing only the month. Does he expect to have all the estimates through by the end of November?

Mr. Abbott: I have never assumed the qualities of a prophet, but I am hopeful that we will be nearing the end of this session, if not at the end of it, by the end of November, and I would hope that by that time the estimates will have been passed and the final appropriation bill put through the house.

Section agreed to.

Sections 3 to 7 inclusive agreed to.

Schedules agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

HUMAN RIGHTS

SUGGESTED ADVISABILITY OF INTRODUCING A DECLARATION OF RIGHTS

Mr. J. G. Diefenbaker (Lake Centre) moved:

That, in the opinion of this house, immediate consideration should be given to the advisability of introducing a bill or declaration of rights to assure amongst other rights:

1. Freedom of religion, freedom of speech, freedom of the press and of parliament;

2. That habeas corpus shall not be abrogated or suspended except by parliament;

3. That no one shall be deprived of liberty or property without due process of law, and in no case by order in council;

4. That no tribunal or commission shall have the power to compel the giving of evidence by any one who is denied counsel or other constitutional safeguards;

And that as a preliminary step the Minister of Justice do submit for the opinion of the Supreme Court of Canada the question as to degree to which fundamental freedoms of religion, speech and of the press and the preservation of the constitutional rights of the individual are matters of federal or provincial jurisdiction.

Mr. Speaker: I think I should point out that this resolution may be out of order on the same grounds as the resolutions previously moved by the hon. member for Vancouver East (Mr. MacInnis) and the hon. member for Broadview (Mr. Church). The first portion of the resolution contains these words:

—immediate consideration should be given to the advisability of introducing a bill or declaration of rights—

This, of course, does not constitute an instruction to the government. However, I would ask hon. members to look at the last paragraph of the resolution. The words "immediate consideration should be given to the advisability of" do not apply to or govern the concluding portion of the motion, which requires unconditionally that as a preliminary step the Minister of Justice shall submit a question to the Supreme Court of Canada. This purports to convey a direct order to the government to do something which could not be done without an expenditure of public money. I would think the first part of the resolution would be in order, but in my opinion the latter part would be out of order; and if part of a resolution is out of order the whole resolution is out of order.

Unless anyone would like to offer any comments, I am prepared to rule now that the resolution is out of order.

Before calling the next resolution may I state that I regret finding it necessary to declare a resolution out of order merely on technical grounds. I have given the matters some consideration and have spoken to the chief of the orders and notices branch suggesting that, when a resolution is handed to him which appears to be out of order on the ground that it would involve the payment of public money, he should bring that point to the attention of the hon. member who has filed the resolution. The hon. member could then quite easily change a few words and the resolution would be in order. As a matter of fact I have almost come to the conclusion that in future, when a notice of motion is out of order on technical grounds, I will give the hon. member an opportunity to modify his resolution, provided he does not widen its scope. I believe that would be only fair. I do not believe resolutions coming under the heading of notices of motions should be ruled out of order on mere technical grounds.

[Mr. Diefenbaker.]

CIVIL SERVICE

PROPOSED COMMITTEE ON PROPORTION OF FRENCH CANADIAN APPOINTMENTS

Mr. Paul E. Gagnon (Chicoutimi) moved:

That, in the opinion of this house, the government should take into consideration the establishment of a special committee, during the present session, to examine the advisability of granting to the French Canadians the proportion and classes of civil service positions to which they are entitled.

(Translation):

He said: Mr. Speaker, the purpose of this resolution is to draw the government's attention to the important problem of French Canadian representation in the federal civil service and to point out the necessity for essential reforms in the operation of the whole machinery of the commission.

Need I add that my intention is not to blame the present administration for conditions that existed before it assumed power? On the contrary, I am pleased to note that since Mr. Mackenzie King's successor took up his duties, the situation about which my fellow citizens rightly complain today has somewhat improved. On the other hand I submit, and my claims are based on indisputable facts which it would be too long to recall here, that French Canadians hold neither the number nor the class of federal civil service positions to which they are entitled by their population figures and do not receive fair treatment from the parties responsible for the allotment of positions.

We have had sufficient proof of this in the apparent interest of the previous administration in this matter. I might recall that a group of members from the right headed by the former Solicitor General, was assigned the task of investigating the causes of and of suggesting a remedy to this increasingly alarming situation.

No report was ever published on this investigation. I would ask the government today to appoint an official committee comprising members from all political groups in this house, in order to carry out a full investigation on the situation as regards the French Canadian people in the federal civil service and to submit conclusions to the house.

The best way to promote national unity is to grant minorities their just dues. My fellow-citizens ask for no favours, no privileges. They do not care for that. All we want is a tangible recognition of our rights. If we look into the past, we find that in 1918, civil servants numbered 54,169 of which 41,618 were permanent. Sessional paper No.

301,919, of 1918, gives an individual list of 16,184 permanent employees, of which 3,493 or 21·58 per cent were French-speaking. From this date onward, the representation of French-speaking Canadians in the federal civil service has unfortunately been reduced. Thus, the Auditor General's report for the year 1945 shows that French Canadians held only 12¼ per cent of all positions commanding a yearly salary of $2,400 or more.

As far as deputy ministerships are concerned, the percentage of French-speaking deputy ministers dropped from 14·28 in 1918 to naught in 1946.

Today, out of 19 deputy ministers, we have three, exactly half of what we are entitled to.

The 1941 census showed that the total population of Canada reached 11,506,855 and that the French-speaking population was 30·27 per cent of the whole.

However, in 1946, according to a table prepared by the Ottawa *Journal* under date of April 4 of that same year, out of 37 officials who were deputy ministers or held comparable rank, five only were French Canadians. The former received $313,500 annually, against $38,500 for the latter. Among these was the Dominion Archivist, Mr. Lanctot, replaced in 1948 by Mr. Lamb. This caused Mr. Eugène L'Heureux to write in *Le Soleil*, on September 16, 1948, that Canadians of good will found this appointment somewhat surprising, to say the least, and that the principle of alternation should have been respected by choosing Mr. Donald Fee as Archivist and Mr. Marion as his assistant.

Mr. L'Heureux continues:

That would have been fair and reasonable. After all the official bilingualism which must form the very basis of our confederation does not require that key positions be divided into French Canadian territories and English Canadian territories but, as far as possible, the alternation of French and English Canadians in all positions.

Otherwise it would be admitting that one group is qualified for certain functions but unqualified for others. We cannot admit that. In the first place it is contrary to facts and in the second place, it goes against our pride.

To let French Canadians predominate at the Archives, for instance, while they are excluded from the Department of Finance would be an utterly unacceptable solution of the public service problem. We want our share, and no more than our share of influence and salaries, in each of the federal departments whenever we are qualified on the score not only of ability but also of educational training and practical experience.

(Text):

The March, 1949, issue of the *National Home Monthly* magazine has published the names of the top-level consultants of the brain trust of Canada in tabular form The tables are as follows:

Civil Service

EXTERNAL AFFAIRS

Hon. L. B. Pearson, Minister

Arnold Heeney, Under-secretary

Herbert Moran, assistant under-secretary (economics); Escott Reid, (U.N. assembly); Gerald Riddell, special assistant to the Secretary of State.

Dana Wilgress, London

H. Hume Wrong, Washington

T. Stone, Washington

Embassy and legation staffs: General A. G. L. McNaughton, U.N. adviser atomic energy; R. A. MacKay, Newfoundland.

TRADE AND COMMERCE

Hon. C. D. Howe, Minister

M. W. Mackenzie, deputy minister

Oliver Masters, assistant deputy minister; S. D. Pierce, asistant deputy minister, stockpiling—reports direct to Mr. Howe; Alex Skelton, assistant deputy minister, economic research special assignments; Hubert R. Kemp, commercial relations; Dr. C. F. Wilson, wheat; Herbert Marshall, statistics; George Heasman, commercial intelligence; Bert Butler, public relations; W. F. Bull, austerity program; Wilbur E. Uren, dominion coal board—controls and priorities; J. H. Berry, capital goods export program; W. Bennett, Eldorado; J. R. Baldwin, air transport board; Dr. C. J. Mackenzie, national research council.

Consultants in Canadian industry: H. Carmichael, McKinnon Industries; W. Wecker, General Motors; J. E. Simard, Sorel Industries.

FINANCE

Hon. Douglas Abbott, Minister

Dr. Clifford Clark, Deputy Minister

Kenneth W. Taylor, assistant deputy minister; R. B. Bryce, international loans; A. K. Eaton, taxation; J. J. Deutsch, works trade; M. W. Sharp, budget; Charles Gavsie, taxation; Hector McKinnon, tariff board; B. G. McIntyre, comptroller of the treasury; C. F. Elderkin, inspector-general of banks; W. C. Ronson, the mint.

BANK OF CANADA

Graham F. Towers, governor; Donald Gordon, deputy governor; L. Rasminsky, economic adviser and foreign exchange control board; J. E. Coyne, economic adviser; J. R. Beattie, research and idea man.

ADVISERS IN OTHER DEPARTMENTS—DEPUTY MINISTERS

David Sim, National Revenue (customs and excise); V. W. Scully, National Revenue (income tax); H. L. Keenleyside, Mines and Resources; W. J. Turnbull, Post Office; A. MacNamara, Labour; G. F. Davidson, Health and Welfare; J. C. Lessard, Transport; F. P. Varcoe, Justice.

Special Consultants

F. A. McGregor, combines investigation; Jack Pickersgill, Prime Minister's Office; N. A. Robertson, clerk of the privy council and secretary to the cabinet.

As you can see, Mr. Speaker, I can prove that only two French-Canadian names appear on this list, two out of fifty-seven. It is a scandalous proportion, against which we shall never cease to protest.

Civil Service

(Translation):

Mr. Speaker, if it is acknowledged that we are entitled to three supreme court judges out of nine, why are we not granted the same treatment in the different departments of the federal government? Here are a few examples of the manner in which French Canadians are being treated in certain departments. I have chosen five at random. They are probably neither the worst nor perhaps the most important.

(Text):

The following table illustrates my next point:

AGRICULTURE

Employees receiving salaries at annual rates of $3,000 or over:

Administration service, 19—2 French Canadians.

Science service, 240—9 French Canadians.

Experimental farms service, 240—18 French Canadians.

Production service, 397—54 French Canadians.

Marketing service, 179—12 French Canadians.

Special service, 57—0 French Canadians.

Total, 1,132—95 French Canadians (less than 9 per cent).

DEPARTMENT OF FISHERIES

Employees receiving salaries at annual rates of $3,000 or over: 102—3 French Canadians (less than 3 per cent).

AUDITOR GENERAL'S OFFICE

Sixty-two—1 French Canadian (less than 2 per cent).

DEPARTMENT OF MINES AND RESOURCES

Administration and special projects, 33—2 French Canadians.

Mines, forest and scientific service branch, 494—26 French Canadians.

Lands and development services branch, 112—4 French Canadians.

Indian affairs branch, 60—5 French Canadians.

Immigration branch, 61—7 French Canadians.

Total, 760—44 French Canadians (less than 6 per cent).

VETERANS AFFAIRS

One thousand six hundred and ninety-three—135 French Canadians (8 per cent).

It means that out of 3,749 civil employees in five departments only, receiving an annual salary of $3,000 or over, 278 only are French Canadians, a small fraction over 7 per cent. As I said before, we are not asking for any privilege or favour; what we want is fair treatment in every department. We must not forget that. The salaries and wages paid to 125,337 permanent and temporary civil service employees for the year ended March 31, 1947, are $223,777,000.

[Mr. Gagnon.]

(Translation):

Because they do not have their rightful number of civil service positions, the French Canadians are each year losing millions of dollars, besides the influence they could exert in the federal administration in the best interests of the country. The Chambre de Commerce of Montreal submitted to the Gordon commission, appointed by order in council on February 15, 1946, a quite exhaustive brief dealing with the federal civil service and with the place which French-speaking Canadians occupy therein. The businessmen and members of the professional classes in the Canadian metropolis deserve to be warmly congratulated and thanked for having brought to light facts too little known by the general public and particularly by the English-speaking community.

Consequently, the Chambre de Commerce submits, in the summary of its findings, that the decrease of the French Canadian representation in the civil service is due in part to the development of certain abuses in the civil service, more particularly the creation of powerful groups within the service and the failure to recognize official bilingualism; it therefore asks—

that the powers of the Civil Service Commission be increased so as to prevent the natural creation of powerful groups in the public service from being an obstacle to the appointment of civil servants of French Canadian origin to high executive positions.

Secondly, it suggests that bilingualism be officially recognized in the service.

The act of 1919 establishing the charter of the Canadian civil service did not take into account the requirements of official bilingualism.

Through this error, the classification of civil servants is a source of serious injustice and disagreement. The case submitted by the Chambre de Commerce will illustrate that fact. The bilingual typist and stenographer are both in the same class as the unilingual typist and stenographer. They draw the same salary although they are required to know two languages instead of one. Often the bilingual stenographer is called upon to do translation work in spite of the fact that she is supposed to be qualified only to take shorthand in both languages. She is thus expected to do the job of a translator although she is not paid as such.

More than ever, and I expect the situation will grow worse, the federal government intervenes in the affairs of the private citizen. More than ever the French Canadian people must keep in touch with the various departments. Every day the government

must deal with the French Canadian citizens on matters related to taxation, to import permits, to rationing, to unemployment insurance or to family allowances. I wish the government would always do it in French in order to avoid much trouble and much discrimination.

(Text):

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we shall resume the debate on the motion of the Prime Minister concerning amendments to the constitution. If we dispose of that we will take up the resolution in the name of the Minister of Reconstruction and Supply concerning housing. I will not announce anything further than that.

Mr. Green: Is the government not taking up tomorrow the notice of motion of the Minister of Trade and Commerce?

Mr. Fournier (Hull): No, not tomorrow.

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

HOUSE OF COMMONS

Thursday, October 27, 1949

The house met at three o'clock.

THE ROYAL ASSENT

Mr. Speaker: I have the honour to inform the house that I have received the following communication:

Ottawa, October 27, 1949

Sir:

I have the honour to inform you that the Right Hon. Thibaudeau Rinfret, Chief Justice of Canada, acting as deputy of His Excellency the Governor General, will proceed to the Senate chamber on Thursday, the 27th October, 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
Assistant Secretary to the Governor General

OTTAWA WINTER FAIR

JERSEY CATTLE—AWARD TO MEMBER FOR FRONTENAC-ADDINGTON

Mr. Gordon Graydon (Peel): Mr. Speaker, from time to time hon. members rise in the house on questions of privilege to pay tribute to those outside the house who have had important successes in various fields of Canadian activity. I rise to perform an even more pleasant task, namely, to indicate to you and to the house that one of our own parliamentary group, the hon. member for Frontenac-Addington (Mr. Aylesworth), has been successful this week at the Ottawa winter fair in his showing of Jersey cattle, and has won the award given to the premier Jersey exhibitor. I should like to express to him, on behalf of all members, including yourself, sir, our congratulations upon the signal success of Frontenac Jersey farms. They have won in the Jersey class more prizes than any other exhibitor at the Ottawa winter fair.

Right Hon. L. S. St. Laurent (Prime Minister): I am sure that all hon. members will feel that a most satisfactory situation exists when members of this house give such a good example to their fellow Canadians by raising the standards of our dairy herds. There are others who are doing likewise in other fields of agricultural production. This is both a good example and an encouraging aspect of our community life.

Mr. G. A. Cruickshank (Fraser Valley): Mr. Speaker, I had intended to say something on this matter, but, as usual, the hon. member for Peel (Mr. Graydon) is ahead of me. Yesterday I had the privilege—we are speaking on a question of privilege—of being the guest of the hon. member for Ottawa West (Mr. McIlraith) at the Ottawa winter fair. I congratulate the hon. member for Frontenac-Addington (Mr. Aylesworth) upon having won the award he did, with cattle which are almost the equal of those to be found in Fraser Valley. I want to say, through you, Mr. Speaker, that I enjoyed the show very much. May I add that I think the Canadian government would be well advised to have the Royal Canadian Mounted Police continue to put on their musical ride throughout Canada and the United States. It is one of the finest things I have ever seen. It is a credit to Canada, and is one of our greatest tourist attractions.

PRIVATE BILL

BRITISH AND FOREIGN BIBLE SOCIETY

Mr. Donald M. Fleming (Eglinton) moved the first reading of Bill No. 116 (from the Senate) respecting the British and Foreign Bible Society in Canada and Newfoundland.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

PUBLIC DEBT

Mr. Thatcher:

1. By what amount was the over-all Canadian federal debt reduced during the first nine months of 1949?

2. As of October 1, 1949, what was the total Canadian debt?

Mr. Sinclair: The phrase "over-all debt" is not generally used in classifying the Canadian debt. However, to ensure that the hon. member secures the information he is seeking, the answer which I am now tabling gives the figures for the total liabilities of Canada and also the net debt of Canada.

1. Total liabilities

December 31, 1948.....	$17,278,514,916.85
September 30, 1949.....	17,027,764,399.05
	$ 250,750,517.80

2. Net debt

December 31, 1948.....	$11,758,680,442.20
September 30, 1949.....	11,495,881,920.78
	$ 262,798,521.42

Questions

WHEAT PRODUCERS' CERTIFICATES

Mr. Diefenbaker:

1. How many wheat producers' certificates issued in each of the years 1940 to 1948, by provinces, are outstanding?

2. What is being done to locate the owners?

Mr. McIlraith:

1. The following shows outstanding producers' certificates as at September 30, 1949:

1940 crop

Province—Number of producers' certificates (estimate)

Manitoba, 2,500; Saskatchewan, 7,000; Alberta and British Columbia, 7,500; total, 17,000.

1941-42 crop

Manitoba, 1,700; Saskatchewan, 7,000; Alberta and British Columbia, 5,000; total, 13,700.

1943 crop

Manitoba, 5,000; Saskatchewan, 18,000; Alberta and British Columbia, 17,000; total, 40,000.

1944 crop

Manitoba, 4,500; Saskatchewan, 17,000; Alberta and British Columbia, 16,000; total 38,000.

1945 crop

Manitoba, 1,200; Saskatchewan, 3,700; Alberta and British Columbia, 3,100; total, 8,000.

1946 crop

Manitoba, 1,500; Saskatchewan, 6,000; Alberta and British Columbia, 7,500; total, 15,000.

1947 crop (old basis)

Manitoba, 2,500; Saskatchewan, 7,500; Alberta and British Columbia, 6,500; total, 16,500.

1947 crop (new basis)

Manitoba, 4,000; Saskatchewan, 15,000; Alberta and British Columbia, 11,000; total, 30,000.

1948 crop (deliveries to March 31, 1949)

Manitoba, 11,000; Saskatchewan, 44,000; Alberta and British Columbia, 35,000; total, 90,000.

2. After producers have had a reasonable time in which to surrender certificates following the announcement of a payment, the payment department endeavours in several ways to get in touch with producers who have not surrendered the producers' certificates concerned. Notices are sent out to producers who, according to the records of the board, hold certificates upon which payment has been authorized. Generally these notices bring a good response in the form of:

(a) The surrender of the certificates concerned;

(b) Advice that the producers' certificates have been lost;

(c) Advice that the producers certificates are now the property of an estate;

(d) Advice that the producers concerned are located elsewhere.

In the case of certificates which have been lost, the necessary alternative forms are dispatched. The board's legal department gives prompt attention to payments on producers' certificates where estates are involved. The payment department makes the necessary alterations on its records where new addresses of producers concerned are received. Generally the notices sent out by the board have produced satisfactory results.

When the volume of outstanding producers' certificates has been reduced as far as possible by means of notices and the following up of these notices, lists are prepared of the outstanding producers' certificates and these lists are made available to elevator agents at the delivery point concerned, who are in a position to acquaint producers of the payments which are available to them.

WASHINGTON MONETARY TALKS

Mr. Stewart (Winnipeg North):

Who are the Canadian representatives on the committee or committees set up as a result of the recent Washington conference?

Mr. Claxton: No formal committees have been set up as a consequence of the tripartite economic discussions held in Washington in September, 1949. However, there have been informal talks on customs procedures and on the sterling area's dollar expenditures on oil and petroleum. Canada has been represented at these two sets of talks by members of the staff of the Canadian embassy in Washington.

NEWFOUNDLAND—ASSISTANCE TO SECONDARY INDUSTRIES

Mr. Higgins:

What is being done by the government to assist secondary industries in Newfoundland?

Mr. McIlraith: Mr. Speaker, this question, standing in the name of the hon. member for St. John's East (Mr. Higgins), appeared on yesterday's order paper. For some reason that is not apparent, it does not appear on today's order paper. It was not answered yesterday, but the answer is available today and is as follows:

In accordance with the terms of union, the interdepartmental committee on Newfoundland secondary industries and purchasing was established in January of this year. It is comprised of representatives

from eleven federal departments and agencies, and was given the task of (a) stimulating the purchasing of federal government supplies and services from Newfoundland secondary industries; (b) providing Newfoundland industries with a clearing house to which particular problems can be directed; (c) acting in an advisory capacity to the government in dealing with problems of these industries.

An office is also being maintained in St. John's, Newfoundland, by the Department of Trade and Commerce for the purpose of giving Newfoundland businessmen information and advice. Through this office local manufacturers can directly place their inquiries with the committee in Ottawa.

Local purchasing offices of the Department of Transport and the Canadian Commercial Corporation have also been set up in St. John's for the purpose of contracting for local requirements. The Department of Public Works and the king's printer have made special arrangements for the purchase of supplies, stationery and printing. The co-operation of the C.N.R., particularly with regard to placing orders for stationery and printing in Newfoundland, has also been assured.

The United Nail and Foundry, which is unable to obtain its full requirements in nail rod from Canadian mills, is being paid an equalizing subsidy on rod purchased in the United States. Payments to date amount to $6,651.88. Dawes Nail and Hardware was asked to make a submission for similar treatment, but none was received.

Newfoundland manufacturers receive invitations from the federal government in Ottawa to tender on materials that may be required throughout Canada. It was apparent in the latter cases that some of the Newfoundland industries would be temporarily handicapped in competing with mainland manufacturers. The government, therefore, recently directed its purchasing authorities to place contracts with Newfoundland manufacturers whose tenders are within fifteen per cent of the lowest bid. This measure is to apply until March 31, 1950.

The government has been disappointed in the number of tenders submitted by Newfoundland manufacturers. It should be emphasized that small industries in Newfoundland must use their own initiative in finding a solution to their difficulties. The government is anxious to assist them in every way, and will give sympathetic hearing to specific remedies which they may put forward.

QUESTIONS PASSED AS ORDERS FOR RETURNS

BUTTER HELD IN STORAGE

Mr. Stewart (Winnipeg North):

1. How many pounds of butter were in storage in Canada as at October 1, 1949, or most recent date?
2. How many pounds of butter belong to the government by purchase as at that date, and what was the cost per pound?
3. What storage charges have been incurred by the government up to that date (a) in total; (b) per pound?
4. What is present cost of government holdings in butter per pound including all charges?
5. What commitments have been made for sale of government holdings?
6. If any commitments, at what price per pound, and to whom?

POWDERED MILK HELD IN STORAGE

Mr. Stewart (Winnipeg North):

1. How many pounds of powdered milk were in storage in Canada as at October 1, 1949, or most recent date?
2. How many pounds of powdered milk belong to the government by purchase as at that date, and what was the cost per pound?
3. What storage charges have been incurred by the government up to that date (a) in total; (b) per pound?
4. What is present cost of government holdings in powdered milk per pound including all charges?
5. What commitments have been made for sale of government holdings?
6. If any commitments, at what price per pound, and to whom?

CHEESE HELD IN STORAGE

Mr. Stewart (Winnipeg North):

1. How many pounds of cheese were in storage in Canada as at October 1, 1949, or most recent date?
2. How many pounds of cheese belong to the government by purchase as at that date, and what was the cost per pound?
3. What storage charges have been incurred by the government up to that date (a) in total; (b) per pound?
4. What is present cost of government holdings in cheese per pound including all charges?
5. What commitments have been made for sale of government holdings?
6. If any commitments, at what price per pound, and to whom?

CANADIAN DIPLOMATIC REPRESENTATION— LIVING ACCOMMODATION

Mr. Fraser:

1. In what countries is Canada represented by (a) a high commissioner; (b) an ambassador; (c) a minister; (d) a chargé d'affaires?
2. Who is the incumbent in each case and what was paid to him for the year ending March 31, 1949, in (a) salary; (b) living and representation allowances; (c) travelling expenses?
3. In what commonwealth or foreign capitals has the government purchased living accommodation for any such representative, and in each case what was the amount paid?
4. Were alterations made to any of the above living accommodation? If so, in each case, what was the total cost of such alterations?

British North America Act

INQUIRY FOR RETURN

VETERANS AFFAIRS—CIVIL SERVICE SUPERANNUATION

Mr. A. J. Brooks (Royal): I should like to ask the responsible minister about a question I put on the order paper nearly a month ago. On September 29 a question standing in my name was passed as an order for return. The return has not yet been brought down. I should like to ask the responsible minister when I may expect it.

Hon. F. G. Bradley (Secretary of State): I have no recollection of the matter, but I shall make inquiries.

BRITISH NORTH AMERICA ACT

AMENDMENTS TO THE CONSTITUTION—ADDRESS TO HIS MAJESTY THE KING

The house resumed, from Thursday, October 20, consideration of the motion of Mr. St. Laurent for an address to His Majesty the King praying that a measure be laid before the parliament of the United Kingdom to amend the British North America Act, 1867, relating to the amendment of the constitution of Canada, and the amendment thereto of Mr. Knowles, and the amendment to the amendment of Mr. Garson.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, this afternoon I intend to discuss the proposal for the amendment of the British North America Act from the point of view of Canadians who live on the Pacific slope.

The province of British Columbia entered confederation in 1871 by an agreement between the young Dominion of Canada, then just four years old, and the crown colony of British Columbia. That agreement was contained in addresses to the queen passed by the parliament of Canada and by the legislature of the colony. Members who are interested may refer to page 77 of volume V of the Revised Statutes of Canada, 1927.

Some of the terms of the agreement are still of considerable interest. One had to do with the construction of a railway to the west coast of Canada. The paragraph dealing with the railway reads as follows:

> The government of the dominion undertake to secure the commencement simultaneously, within two years from the date of the union, of the construction of a railway from the Pacific towards the Rocky mountains, and from such point as may be selected, east of the Rocky mountains, towards the Pacific, to connect the seaboard of British Columbia with the railway system of Canada; and further, to secure the completion of such railway within ten years from the date of the union.

The railway was not built within the ten years; as hon. members know, it was finally completed in 1885.

[Mr. Fraser.]

There is another interesting provision having to do with transportation, as follows:

> The dominion will provide an efficient mail service, fortnightly, by steam communication between Victoria and San Francisco, and twice a week between Victoria and Olympia;—

Olympia is now the capital of the state of Washington.

> —the vessels to be adapted for the conveyance of freight and passengers.

There was also provision for the payment of subsidies to the province of British Columbia. It is interesting to note that at that time the population of the province was estimated at 60,000, some 34,000 less than that of Prince Edward Island. It has increased twenty times, now almost 1,200,000. Provision also was made for the province to give large areas of land to the dominion, known as railway lands, the purpose being to further the construction of the Canadian Pacific railway.

There is also the following provision in the agreement respecting representation in this parliament:

> British Columbia shall be entitled to be represented in the Senate by three members, and by six members in the House of Commons; the representation to be increased under the provisions of the British North America Act, 1867.

The colony accepted the British North America Act of that time; in other words the basis of the union was the British North America Act as it stood in 1867. Right from the start British Columbia has been the province most remote from Ottawa. I dare say half the present members of this house have never been in that province. The Prime Minister had not been there until 1948.

Mr. Cruickshank: He had good results after he went there, though.

Mr. Green: He may not have such good results the next time. Largely because of its remoteness from the capital, the problems of British Columbia have always been the least understood of those of all the provinces. Of necessity, therefore, we must always be on guard against undue centralization of power in Ottawa.

In the past our rights have been protected largely in two ways. In the first place the British North America Act has been interpreted by the decisions of a court which we have regarded as impartial, and by and large those decisions have favoured the provinces. It is significant that when the question whether or not the dominion had the right to abolish appeals to the judicial committee of the privy council was argued in the courts, the government of British Columbia was represented by counsel to argue against that proposition. I repeat, the appeal

to the privy council has been one protection. Another has been the fact that the British North America Act could be amended—at least so we thought—only after consultation and the most careful deliberation.

Protection for our province is most important, and it is now being removed by doing away with appeal to the privy council and changing the method of amending the British North America Act. These changes may prove detrimental to our province. I hope that will not be so, but there is a real possibility that we may find ourselves in that position. Regardless of the party to which we in British Columbia belong, we have always believed there would be a conference between the dominion and the provinces before any request was made for amendments to the British North America Act. It is significant to note the attitude taken by the attorney general of British Columbia —who, by the way, is a supporter of the Liberal party—when the speech from the throne appeared in the press last September. I have here a dispatch which appeared in the Vancouver *Sun* under date of September 16, 1949, giving the reaction of Mr. Wismer to the suggestions with respect to amending Canada's constitution. The heading reads, "Wismer approves Ottawa conference." The article goes on:

Prime Minister St. Laurent's plan to have the Canadian constitution amended at home, rather than by reference to the British parliament, drew favourable comment here today from Attorney General Gordon Wismer.

Mr. Wismer made it clear that he could not as yet speak for the provincial government as a whole, since the cabinet has not considered the national government's proposal.

This is the part of the statement I wish to emphasize.

He stressed that in any plan for altering the constitution within Canada, adequate provision must be laid down for safeguarding provincial rights.

British Columbia has long been a strong fighter for provincial rights against encroachment by the federal authority.

And, he said, he would presume that even in any changes touching federal matters alone, it would be provided that the provinces should be consulted first.

Actually that was the program of the Prime Minister before the house sat, namely, that the provinces would be consulted before any attempt would be made to amend the constitution. We find that clearly set out in the letter from the Prime Minister to the provincial premiers, which appears at page 870 of *Hansard*. The paragraph dealing with the Prime Minister's statement to the electorate of Canada reads:

I stated also that it was the intention of the government, after the election, to consult the provincial governments with a view to working out a method of amending the constitution in Canada which would be satisfactory to all Canadians.

I believe that is the program that should have been followed. Had the Prime Minister done as he said he was going to do, there could have been little quarrel with his actions. But that is not what the Prime Minister is doing in the resolution now under discussion.

Mr. St. Laurent: And what the hon. member has cited is not all the Prime Minister said about it, either, in the letter from which the hon. member quoted.

Mr. Green: The Prime Minister may speak again in this debate, but I defy him to show me and the house anything in his letter stating that his election pledge was that he would make certain amendments without consulting the provinces. There is not one word to that effect in his letter.

Mr. St. Laurent: I will satisfy the hon. member's challenge.

Mr. Cruickshank: You go on and make your speech; the Prime Minister will make his.

Mr. Green: I would not try to mumble for Fraser Valley.

Mr. Cruickshank: Don't try to speak for the Prime Minister; you are not capable of it.

Mr. Green: I repeat that the resolution now under debate is not the plan the Prime Minister announced to the people. He says now that eventually he will consult the provinces, but first he is going to get certain powers to amend Canada's constitution. The Prime Minister is going to ask the government of the United Kingdom to amend the British North America Act to give the dominion power to amend the constitution, except—first—as regards matters coming within the classes of subjects by this act assigned exclusively to the legislatures of the province. The second exception is as follows:

—or as regards rights or privileges by this or any other constitutional act granted or secured to the legislature or the government of a province.

By the way, Mr. Speaker, as I read this resolution, this second exception is tied up with educational and language rights. I take it from the speeches made by the Prime Minister that that was not the intention, but clearly that is the way the resolution reads. If it was not intended to restrict these provincial rights to education and language, then further words should have been added to the resolution. The part of the resolution with which I am dealing reads as follows:

—or as regards rights or privileges by this or any other constitutional act granted or secured to the legislature or the government of a province, or to any class of persons with respect to schools or as regards the use of the English or the French language.

If it was intended that these should be separate exceptions, I suggest to the Prime Minister he should have inserted the words "or granted or secured" before the words "to any class of persons with respect to schools or as regards the use of the English or the French language." In any event, as I understand it, the second exception is this general one:

—rights or privileges by this or any other constitutional act granted or secured to the legislature or the government of a province . . .

The third exception concerns schools and the use of the French and the English language. Those were the exceptions contained in the resolution as it was originally presented.

As the result of an amendment moved by the C.C.F. party, the Prime Minister added two more exceptions, one being that the dominion was not asking for the power to change the provision in the constitution which calls for a session of parliament once every year or the provision which calls for an election every five years. He made a proviso to the fifth exception that, in the event of real or apprehended war, an election could be postponed beyond the five-year period unless one-third of the members objected. I do not think very careful consideration was given to this proviso, because it means that with the house constituted as it is the Liberal members could extend the life of the parliament for more than five years, and the opposition parties, even though they combined, would be helpless to prevent it.

This resolution can easily, of course, be forced through this house; and I have no doubt that it will be. It will then be accepted by an obedient Senate, and the United Kingdom government will pass the amendment in the form requested by this parliament.

Mr. Speaker: Order. I do not think the hon. member should refer to the other place as the "obedient Senate."

Mr. Green: I shall substitute the word "Liberal" for the word "obedient". The United Kingdom government will pass the amendment in the form in which it is requested by this parliament, and the dominion will then have the power it seeks in this resolution, before having consulted with the provinces.

I suggest to you, Mr. Speaker, and to the members of this house, that the folly—I repeat that word—the folly of this post-election program of the Prime Minister's is clearly shown in several ways. In the first place, the main argument he submits is that he is bringing the Canadian constitution home, and that he is removing one of the last badges of colonialism. In the Montreal press of October 14 the Prime Minister is reported as having said:

Now, he said, was the time to remove the "final badges of our former dependent condition."

This main argument advanced by the Prime Minister is nothing more or less than a spurious argument, because he is still leaving large parts of our constitution with the United Kingdom government. More is being left with the United Kingdom government than when the resolution was first presented, because the government has accepted the C.C.F. amendment. Yet, while doing this, the Prime Minister has also actually had the temerity to argue that he is taking no more power than he already possesses.

In his letter to Mr. Duplessis, which will be found at page 874 of *Hansard*, we find this statement:

We believe we already have the right to have such amendments made without consulting the provincial authorities,—

Actually the plan now being followed probably makes more remote than it would otherwise have been, the time when Canada will not have to go to the United Kingdom for an amendment to her constitution.

The folly of this post-election program is shown also by the fact that the provinces are being deprived of the right to be heard upon certain matters which, while exclusively federal under the British North America Act, actually concern the provinces. For instance, consider the composition of the Senate. One of the main reasons for having a Senate in our parliamentary structure was to protect provincial as well as minority rights. For example, Quebec and Ontario have equal representation in the Senate, although their populations differ. The maritime provinces of Nova Scotia and New Brunswick each have ten senators, whereas the province of British Columbia, with practically twice the population of Nova Scotia and certainly more than twice the population of New Brunswick, has only six. By the way, that is a most unfair situation.

Mr. Cruickshank: Hear, hear.

Mr. Green: The composition of the Senate is a matter which vitally affects all the provinces. It may be that some members of the Senate should be appointed by provincial governments. Personally I believe some arrangement of that kind would be a good thing. The point I am emphasizing is this: By this amendment the provinces are being deprived of the right to be heard on some of these questions which, under the British North America Act, would appear to be purely federal.

The folly of the program is also shown by the attitude of the various provincial

governments, and their attitude is extremely important. We need only to look at the letters written by the premiers of the various provinces to realize that many of them are in grave doubt as to the course being followed. First there is the letter from the premier of Nova Scotia, who asked that the passing of the bill abolishing appeals to the privy council be delayed until after the conference with the provinces. Then there is the letter from the premier of Quebec, in which he raises points which are clearly worthy of the most careful consideration. There is the letter from the premier of Ontario, in which he says:

> I am frankly in some doubt as to the advisability of dealing with the matter piecemeal without first attempting general agreement.

There is the letter from the premier of Manitoba, in which he says:

> The government of Manitoba feels that there might be differences of opinion as to whether a proposed amendment to the constitution related only to federal matters or affected provincial interests, rights, or jurisdiction. Before agreeing to any specific proposal, therefore, our government will examine carefully the manner in which the provincial position is to be protected.

Then there is the letter from the premier of Alberta, which I will not read, but which clearly sets out excellent reasons why the conference should have been held before any amendment to the act is put through.

As I said a few minutes ago, there was the immediate reaction of the attorney general of British Columbia; he said that certainly there should be a conference before any amendment was made. The premiers of Newfoundland, Prince Edward Island and New Brunswick do not raise the question. Apparently these three Liberal premiers are taking everything on faith. But there is a most interesting letter from the premier of Saskatchewan, which is to be found in *Hansard* of October 24, just last Monday, at page 1107—and I hope my C.C.F. friends will be able to square this letter from the premier of Saskatchewan with the attitude they have taken in the house on this question. Mr. Douglas writes:

> I must confess to considerable curiosity as to just what your government has in mind.

Further on he says:

> In our opinion the field that the dominion would occupy after the suggested amendment is indefinite at the moment, and we do not know what your government has in mind in the direction of constitutional development.

Then, in connection with the Senate, he says:

> Again it may be asked whether the formula would warrant the abolition of the Senate. Such an abolition would not "affect the rights and privileges of the provinces" as corporate entities; yet some of the provinces might take grave objection to the abolition of the upper chamber.

And he asks the Prime Minister for further clarification of the attitude of the dominion. The reply of the Prime Minister of Canada to the premier of Saskatchewan is certainly well worthy of attention. The Prime Minister uses these words:

> I agree that the phrase "affecting the rights and privileges of the provinces" is lacking in precision; this general language was used because we did not wish to attempt to determine in an arbitrary fashion the extent of the rights and privileges of the provinces, preferring to leave that for determination by the courts, in the event of any dispute, unless some agreement with respect to it is reached at the forthcoming conference.

The Prime Minister himself obviously does not know just what is meant by those words "the rights and privileges of the provinces".

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

Mr. Green: Not now. I will later, if I have time.

In effect, the provinces are being ridden over rough-shod. The field in which they may make submissions is being narrowed, and in order to prevent an invasion of any rights they may still have, they are being put in the position of having to fight before a dominion court, the Supreme Court of Canada. Premier Douglas clearly sets that out in his letter. He says:

> May I make the general observation that the amendment as proposed in your letter would primarily vest in the dominion parliament authority to amend the constitution of Canada subject of course to the exceptions referred to. This would mean, as I understand the situation, that in the case of any amendment of the B.N.A. Act by the dominion being objected to by a province, the burden would be on the province to show that the amendment infringed the stated exceptions.

There is grave danger in treating the provinces in this way.

Finally, not one reason has been given for all this haste. The dominion has in view no actual amendments to the Canadian constitution. The Prime Minister explained that also in his letter to the premier of Saskatchewan, the final paragraph of which reads as follows:

> As to your question whether this government "has any developments in mind which can properly be disclosed," I can only say that no consideration has yet been given by the government to any constitutional development or change which might be recommended to parliament under the new procedure contemplated by the address.

The Prime Minister gave no pledge to make an amendment without consultation with the provinces. He has no mandate to do so; yet he is forcing this resolution through now, although the conference is to be convened here in a matter of a few weeks to deal with a portion of this constitutional problem.

It all looks so unreasonable that one may well wonder about it. This action by the

Prime Minister, on the face of it, makes one ask the question: Why is he going at it in this way? I believe that there is a good reason. I believe that the government is seeking this power at this session so that when the provinces meet here in January they will find, in the first place, that they have little power left, and, in the second place, that they can prevent an invasion in the expected fields only by fighting in the supreme court. I believe the government is of the view that at that time public opinion may well have been stirred up against the provincial premiers, thereby hampering them in their attempt to see that the provinces of Canada get fair treatment. I believe it is hoped, as a result, that the provinces will have to fall in line with the dominion proposals for dealing with the matters which are excepted in this resolution. The dominion government also hopes that the provinces will be softened up, to use a colloquial expression, for the negotiations concerning the renewal of the tax agreements, which negotiations must take place shortly. In other words I believe the hope of this government is that the provinces will find themselves looking right down the loaded barrels of two guns—one, increased power of the dominion, and the other, the fact that any disputes must be settled by a court set up by the dominion.

It is a clever, cunning, loaded-gun policy. It may work, but it is no way to promote harmony and unity in Canada. Earlier prime ministers have declined to go so far. I believe that this action of the present Prime Minister of Canada may well prove to be irresponsible, and I intend to vote against his plan.

Mr. Knowles: Before the hon. member takes his seat, will he permit the question I sought to ask him a moment ago? Is it not so that in the letter from Premier Douglas, from which the hon. member quoted, there is this sentence:

> You will understand that no complaint is being made regarding the action which your government proposes to take.

Mr. Green: The premier of Saskatchewan was trying to let down lightly his friends here in the house. While he does say that, I do not think the hon. member for Winnipeg North Centre can get much comfort from the rest of the letter.

Mr. Knowles: The hon. member is aware that that letter was written by Mr. Douglas—

Some hon. Members: Order.

Mr. Graydon: You can't get Tommy off the fence in that way.

[Mr. Green.]

Mr. Knowles: Is the hon. member not aware that Mr. Douglas' letter was written on October 15, before any statements were made by this party in the house, and that Mr. Douglas' first letter took the same position?

Mr. Graydon: Is the hon. member on the Speaker's list?

Mr. Green: In answer to that I would point out to the hon. member that if he reads the second letter he will see very clearly that his own premier of Saskatchewan is much concerned about what is going on, and furthermore believes that nobody can tell exactly what the dominion government has in mind. The hon. member for Winnipeg North Centre and his associates here are keen on getting more power into the hands of the dominion government so that they can bring in their nationalization and socialistic plans. They are willing to swallow anything with that objective in mind.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, at the outset let it be fully understood that in common with all other members of the Social Credit group I agree that the power and the right to amend the British North America Act ought to reside in Canada. We also maintain, however, that every precaution should be taken to ensure that in Canada there shall be an unimpaired British North America Act to amend, before any Canadian agency or agencies begin to amend Canada's constitution.

Two fine old English sayings come to mind as one looks at this measure: first, don't tear down any man's house before you provide him a better one to go into; second, don't jump from the frying pan into the fire.

As I see it, passage of this measure will unhinge the British North America Act. In passing this measure it looks as though this parliament would be setting the stage for the tearing down of the Canadian people's house —its constitution, its British North America Act—before having found an acceptable plan for the construction of a new house.

There may not appear to be any sufficient reason why the present dominion government should aim to do a thing of that sort; but let it be borne in mind that the British North America Act and the Australian constitution are two of the finest constitutions in the world. The reason why they are so admirable will become manifest as I proceed. International centralizers, therefore, desire to destroy the British North America Act and the Australian constitution. I hope we do not wait too long in Canada before we come to realize that there is a body of mischievous men in the world definitely designing to

establish a world centralized state, in which nations like Canada and Australia will be merely minor provinces.

We live in an age of centralized totalitarian thinking, and fascist feelings are in the air everywhere. We collide with them in this house. We collide with them every time a C.C.F. member rises to speak on almost anything.

Any matter pertaining to a nation's constitution ought to be approached with the utmost gravity. In dealing with no other subject is it more important that the speaker be absolutely objective, that he seek realistically to face facts and actualities. In participating in this debate I shall do my best to be grave, realistic and honest, setting aside all possibility of prejudice.

There are many aspects of the situation confronting us at present, each of which ought to receive the most careful, cautious and appraising consideration. Every Canadian, of whatever situation in life, ought to take solemn warning that while this matter is being dealt with in this house the whole future destiny of Canadians trembles in the balance. Especially should all provincial premiers, members of provincial legislative assemblies, all municipal officials, all service clubs, all chambers of commerce, all boards of trade, all women's institutes and other women's associations, and organizations of labour—all of these should go on the alert instantly and insistently. There are exceedingly important historical scenes in progress on the Ottawa stage today.

From the point of observation from which I now view this drama it would seem to appear that particularly the premiers of the more powerful provinces might be well advised to counsel together to determine how best to manage not to leave Premier Duplessis to bear an undue measure of the burden and the brunt of needful provincial self-assertion.

May I turn to a contemplation of certain aspects of the whole general constitutional situation as it now confronts us? Everyone who has given thought to human relationships knows that the strong forever seek to impose their will upon the weak. Men have developed democracy to restrain the strong and protect the weak.

One of the secrets of successful democracy is checks and balances. Before we give too much consideration to the passing of this measure I urge upon the members of the Liberal party, whom Canadians have placed in absolute power, that they consider carefully what could easily happen to the checks and balances in relation to Canada's constitution if a certain kind of amendment should be made to the British North America Act.

Especially are constitutional checks and balances essential where large areas and populations are concerned. Especially is it necessary to have constitutional checks and balances in Canada. Each dominion of the British empire struggled for sovereign power to enable it successfully to resist the efforts of any central government to oppress it. In the United States, the states sternly defend state rights, to enable them to force the central government to give them something like justice.

On the other hand every enlightened person also knows that successful human achievement depends upon co-operation among men. Every enlightened person knows, too, that men are prone to refuse to co-operate even when they have the opportunity so to do, and even when co-operation would be in their own best interests.

That is granted. I am fully aware of that. So were the fathers of confederation. So were the designers of the United States constitution. So were the designers of the British constitution, unwritten but fully understood. If the states of the United States have too much power, they might easily disrupt the union. If they have too little power, the union might easily disrupt them. Those who are thoroughly familiar with conditions in the United States know how tragically the central power in the union has disrupted a large area of the United States.

In Canada the central power in the union has disrupted the provinces, particularly as to their economic lives. The union is not attempting to change policies that have injured the provinces. I ask all hon. members of the Liberal party to bear that in mind, and challenge that statement if they think they can. There is no indication that the federal government is contemplating salutary changes of policies. Rather the indications so far are that the federal government is planning policies even more harmful to the provincial economy. Under existing circumstances, only greater provincial power has any chance of warding off most serious injuries with yet more serious consequences.

I know it can be argued that if you once give Ottawa absolute control over every province in Canada there will never be any breaking away by any province. I am quite agreed as to that. There has been no breaking away of the southern states from the central body in the United States. But what has happened to the southern states? What has happened to their lives? What has produced the share-croppers there? Do any hon. members want to see a lot of share-croppers in the

various provinces of Canada? That would be a mighty easy thing to bring about in this country right now; much progress has been made in that direction already in many of the provinces.

The first question to be considered is this: Are strong provincial governments essential to a prosperous and powerful Canada? I maintain that strong provincial governments are essential to a prosperous and powerful Canada. Quebec will insist upon constitutional powers and authority to guarantee her discretion in matters of language and education. Hon. members will notice that this measure is carefully worded to disarm Quebec. The rest of the provinces presumably do not matter so long as Quebec supports the government. As long as Ontario has provincial leaders of sufficient experience and courage, she will equally insist upon the same discretionary sovereignty to safeguard language and education in Ontario, as well as property and civil rights. British Columbia, Nova Scotia, Alberta and the others ought to, and must, have similar powers of discretion to safeguard property and civil rights against the injurious incidence of federal policies, particularly federal policies as regards freight rates, tariffs, finance, land settlement and immigration, and industrial development which up to the present time has been unduly concentrated in Ontario and Quebec.

I am tempted to make a brief aside here and draw the attention of all hon. members and the people of the country to the fact that during the recent war, when there was an admirable opportunity to decentralize industry, very little decentralization took place. The impression we all got was that as soon as the war was over the government took pains to destroy what little decentralization had taken place. In other words, all the new industries were placed right here in Ontario and Quebec. From the standpoint of the other eight provinces, this was most disastrous. Anyone who is well informed on the question knows that.

What are the provinces going to do about the matter? What recourse have the maritimes and the four western provinces, other than increased constitutional guarantees of provincial discretionary power and authority? All any hon. member needs to do in order to get plenty of evidence to support what I am saying is to read the submissions made by those provinces to the Rowell-Sirois commission. I think anyone who reads those submissions will come away a sadder and wiser man. What can be thought of a federally supported and imposed freight rate structure which permits any railroad to charge $1.75 per hundredweight for moving flannelette blankets from eastern Canada to Vancouver, for example, and to change $4.53½ per hundredweight to move them to Edmonton, a shorter haul by more than 500 miles?

Let it be borne in mind that these inequities in freight rates have to do with railways over which the central government has had and still has absolute control. Hon. members who did not hear me speak on October 24, as reported on page 1090 of *Hansard*, I believe would be well advised to read that speech—not because of any particular quality of its own, but because of the astonishing things that are in it.

Some hon. Members: Oh, oh.

Mr. Blackmore: I hear some silly laughter. Some people would laugh if they saw their mothers being killed. Inequities almost as glaring and hurtful to provincial economy can be cited in relation to federal policies in each of the important fields of tariff, finance, land settlement, immigration—think of the Japanese problem in British Columbia—and industrial development which has centralized industry in Ontario and Quebec, and incidentally centralized power there. It may be argued that if more power were concentrated in Ottawa, the federal government would clear away those inequities; but the fact is that Ottawa has absolute power over each of those aspects of national life, and yet flagrant inequities have developed right under the nose of Ottawa, and perhaps with the consent and connivance of Ottawa.

Again I ask: what possible recourse has any province, western or maritime? In this house Ontario and Quebec can outvote all the other eight provinces put together. In his speech the Prime Minister (Mr. St. Laurent) made a good deal of the privilege the provinces would have of sending members to the house to protect their interests, but what chance would 106 members from eight provinces have of standing up and asserting their rights against 156 members from Ontario and Quebec? I have no feeling of unkindness toward the provinces of Ontario and Quebec; I am merely pointing out the situation which exists and which constitutes one of the facts that enter into this whole matter. I repeat that Ontario and Quebec can outvote by fifty votes all the other provinces put together.

Anyone who supposes that this fact has not had an injurious effect on the other provinces just has not learned anything yet. Unless tremendous industrial development can be stimulated in the western and maritime provinces, the population growth of those provinces will never give the eight provinces enough members in Ottawa to enable them to

demand and obtain the simple human privilege of plain and obvious economic equity. I make that statement without fear of successful contradiction.

The conclusion is irresistible. Canada is made up of vast areas, and widely varying territories and conditions. If Canada is to become prosperous and powerful, the provincial governments must have constitutional guarantees of essential discretion.

The Prime Minister has iterated and reiterated since September 14, and he stated it before, that there was no desire or intention to impair the safeguards of provincial rights and jurisdiction. These words are extracted from the letter of the Prime Minister (Mr. St. Laurent), dated September 14, 1949, to each of the provincial premiers, which is to be found at page 870 of *Hansard*.

The declaration of the Prime Minister (Mr. St. Laurent) should be weighed and assessed in the light of several relative considerations. First of all what has been the tendency of the Liberal party as a whole in Canada in the last fourteen years? Has its tendency been (a) towards decentralization of power in Canada and in the world; (b) towards maintaining the status quo in Canada and in the world; or (c) towards centralization of power in Canada and in the world? There is no question that the Liberal party has definitely worked towards centralizing power both in the world and in Canada. That cannot possibly be questioned.

Let us first look at the matter from the point of view of Canada. May I draw the attention of hon. members to a document entitled "Proposals of the government of Canada", dated August, 1945, which was submitted to the dominion-provincial conference on reconstruction. I should like to read four short extracts from page 48 and page 49 of that publication. They are:

> The dominion government proposes that after the war the provincial governments should by agreement forego the imposition of personal income taxes, corporation taxes and succession duties, leaving to the dominion government the full and exclusive access to these revenue sources.

May I comment on that statement by saying that if such a policy were implemented it would mean that the financial and economic independence of every province in Canada would be utterly destroyed. Every province would completely lose discretion in any matter, except under the direction and guidance and at the will and with the consent of the central government. No check would exist in Canada as far as provincial governments were concerned. I continue to read:

> . . . the dominion proposes an agreement under which the provincial governments would commit themselves not to withdraw before an initial trial period of say three years.
>
> It will clearly need to make full use of its power—

Meaning the dominion government.

> —to impose national taxes on personal incomes, corporations and estates.
>
> Exclusive jurisdiction over taxes on incomes, corporations and estates is also necessary in order to protect Canadian interests abroad.

There is the attitude of the Liberal government in 1945. Does it indicate any desire on the part of the government to include "the fullest safeguards of provincial rights and jurisdiction", as related to the all-important class 13 of section 92, "property and civil rights in the provinces?" May I pause a moment to point out that although there are several important instances under section 91 where the dominion has overriding power, there is only one class in section 92 which gives the provinces any chance in the world to stand up to the dominion, and that is class 13. Just look at the attempts to invade class 13 as indicated in the four proposals I have read!

Will the Prime Minister repudiate the pronouncements at pages 48 and 49 of the documented proposals of the Dominion of Canada? Let him rise in this house and tell us whether he repudiates the statements contained in that document.

Will the Liberal party repudiate them? We have quite a number of Liberals in the house. Will they repudiate these statements? Will the Liberal machine outside the house and the visible and invisible forces that control that machine, repudiate these statements?

Some hon. Members: Oh, oh.

Mr. Blackmore: It is easy to laugh it off, but it is a grave reality. Let no member of the Liberal party pretend that there are not hidden forces governing the Liberal machine.

Satisfactory answers to each of these questions ought to be forthcoming. Such answers ought to be demanded by all Canadians as a solemn and binding commitment. Until such repudiation and commitment are in our hands how can anyone rely upon the Prime Minister's declarations and his protestations of a desire to "include the fullest safeguards of provincial rights and jurisdiction"? There is an old saying that actions speak louder than words.

The document from which I have just quoted indicates the Liberal attitude four years ago. Have we any documents prior to that time? May I recall to the minds of hon. members the report of the Rowell-Sirois commission on dominion-provincial relations? The commission was appointed by a Liberal administration—and was probably told pretty well what it was expected to do! It was appointed by order in council on August 14, 1937, and submitted its report on May 3, 1940.

The dominion-provincial conference to consider the report was called on January 14, 1941.

The documented proposals of the government of Canada of August, 1945, are founded on the gist of the financial proposals of the Rowell-Sirois commission.

Does anyone question that statement? Let me read from an article in *Canadian Business* of January, 1941, on the Rowell-Sirois report. The article reads:

> Plan 1 provides that the provinces would cease to use the following forms of taxation, the personal income tax, corporation taxes, succession duties.

There is an asterisk beside corporation taxes referring one to a footnote which reads:

> The dominion would pay annually to each province a sum equal to the tax which that province would have received had it collected from mining and oil producing companies, 10 per cent of the net income which was derived from mining, smelting and refining of ores and oils produced in the province.

It sounds surprisingly like the proposals of the dominion government to which I referred, does it not? Then the article goes on to deal with what the new grants are and reads:

> Plan 1 provides that:
> (a) the provinces would surrender all existing subsidies;
> (b) the dominion would pay annually a national adjustment grant according to need, which would be irreducible, but revisable every five years on the recommendation of an independent advisory finance commission.

You can be very sure the "finance commission" would be appointed by the federal government and would consist of men who were ready to do the will of that government. I continue to read:

> (c) The dominion would provide emergency grants in dealing with abnormal conditions subject to the recommendation of the finance commission, which grants would be made for a year at a time only and reduced or suspended as soon as conditions justified it.

I should like to draw from a statement to be found further on in the same article, which I think will impress every hon. member of the house. The article sets out what the adjustment grants were for the various provinces. Prince Edward Island was to have a national adjustment grant of $750,000. Nova Scotia was to have $800,000; New Brunswick, $1,500,000; Quebec, $8 million; Manitoba, $2,100,000; Saskatchewan, 1939 basis, $1,750,000, and Ontario nothing, Alberta nothing, and British Columbia nothing. That does not sound like very good reading, does it? That is what was recommended by the Rowell-Sirois commission, and apparently with the complete consent and approval of the Liberal government.

Did the Rowell-Sirois report advocate centralization? Here is what some of the grand old Liberals of earlier days said; I quote from an article by W. R. Motherwell, a fact-facing article, written on January 14, 1941, and appearing in the January 23 issue of the *Western Producer*.

Perhaps some of the younger members of this house may not remember who this man was. He was a grand old Liberal reformer from the west, premier of Saskatchewan for a good many years, Minister of Agriculture in the federal cabinet at Ottawa for a number of years, one of the finest men I ever met and one of the clearest thinkers. He was a Liberal. He was honest in stating what he believed and could give very good reasons for so believing. Listen to what he said concerning the Sirois report.

> In view of this, why should we now relinquish voluntarily, some of our present sovereign provincial authority, to build up a still more dominating central power, sometimes even now, not exercised too wisely or too well.

There can be no doubt about what he thought. Further on in the article he said:

> Then why, I repeat, should we now increase the further centralization of power in Ottawa (except for increasing our war effort) when they seem to have, or to take, more power than they can administer wisely and well as in the above cited cases, which should, in my humble estimation, be remedied forthwith.

Between those two statements he had listed a number of flagrant cases of mismanagement by the federal government in handling power; and no man was in a better position to know about some of those cases of mismanagement than was Hon. W. R. Motherwell.

The whole Sirois report indicates the trend towards centralization that has consistently characterized the Liberal party since at least as far back as 1937, when the Sirois commission was appointed. Many other illustrations might be given to show that the Liberal party is a party of centralization. What did the Liberal party do with Pattullo and Hepburn, the premiers of British Columbia and Ontario respectively, because they had the courage to combine with Premier Aberhart of Alberta to wreck the dominion-provincial conference in January, 1941? They were not the only premiers who were opposed to the Sirois report, as I could show by a number of quotations; but they were the men who stood out and had courage to do the thing that had to be done. What did the Liberal party do then? They put Pattullo into oblivion. Where did Hepburn go? It may be said that he retired because of ill health. Well, almost anyone would have ill health after the kind of treatment the Liberals mete out to any man who does not do just what they tell him to do.

Now we have evidence enough to warn us what to expect or suspect in any leader of the present Liberal party in Canada, not judging from what they say, but judging from what they have done.

Is the manoeuvre with which we are now faced, of making a request to the British government, merely a trick to achieve by devious means what the Liberals have failed to achieve by less devious means over the last fourteen years? The suggestion deserves serious attention. What are the possibilities, in case the people who are behind the throne of the Liberal party do mean to centralize power, as I do not doubt?

The proposed measure is more than an amendment of the British North America Act. It constitutes a revolution; it means the utter wrecking of the British North America Act. Anyone who believes otherwise is simply leaving out of consideration many important factors.

What gives permanence and stability to the British North America Act as we know it today? It is the fact that the act was passed by the British parliament. That is the hinge on which it hangs. We have had arguments back and forth as to whether the act is a pact or a statute. However you look at it, the act is given stability by the fact that it is a statute of the British parliament. Is that not so?

If the governments of the provinces met together in a constitutional convention and drafted resolutions they all accepted, and which the people of Canada accepted, you would be able to hang the British North America Act on the hinge of the decisions of that constitutional convention. But no provision has been made for calling such a convention. It is not to be done; it is not proposed. Consequently when this address is acted upon by the British parliament the hinge of the present British North America Act, the anchor or mooring, so to speak, will be swept away and the British North America Act will become a ship adrift. Let us be sure that we are fully aware of that fact. There will be no anchor for it. There will be no appeal to the privy council; that will have been abolished. There will be no appeal to the United Kingdom parliament, because that will have been abolished. There will be no constitutional convention to provide anything in Canada upon which the British North America Act can be hinged. Then can anyone tell me what will be the anchor of the British North America Act? The federal government will be in supreme control with potentially unlimited powers, as has been pointed out by the hon. member for Vancouver-Quadra (Mr. Green). Why? Because no plan will have been prepared for a new Canadian constitution. The provinces will desire a constitution that will genuinely establish and adequately safeguard provincial rights and jurisdiction. The nation could be plunged into a state bordering upon the chaotic, for no one should imagine that after taking this step the Canadian government intends to give the provinces the sort of thing the provinces want and must have. This government will probably come before the provinces in a convention and say, "Now, boys, it is this—or else!" A state of emergency will then have come into being.

Then what? Will not the federal government invoke the peace, order and good government clause of section 91 to deal with the situation? In order to gain some idea of the sort of thing that is in the minds of some of the men who are drafting Liberal party policy I suggest that hon. members take the proposals of the government of Canada from which I read a short time ago and turn to page 10, in the latter part of the first column and the first part of the second column, where we find clearly indicated just the sort of thing that would be contemplated. I have not time to read the passage; I shall have to leave it for hon. members to read for themselves. Would not this move give the federal government plausible arguments for a policy to "displace the authority of the provinces in relation to a vast field in which the provinces would otherwise have exclusive jurisdiction?" I refer to a statement by Lord Haldane, bearing upon a certain judgment. I quote again from page 10:

> The overriding powers enumerated in section 91, as well as the general words at the commencement of the section, may then become applicable to new and special aspects which they cover, of subjects assigned otherwise exclusively to the provinces.

There are very few fields of exclusive provincial jurisdiction at the present time. If the dominion government were to invoke that clause contained in section 91, no provincial rights would remain inviolate.

No sane man would ever demolish his house before he had another to replace it. The nation's house is its constitution. No sane nation would contemplate wrecking its constitution before making sure it had another to replace it. That is the solemn fact which faces us.

What is the nature of the change proposed for the British North America Act? If we read section 91, and connect up the passage preceding where this clause is to fit in with what follows, we shall see quite clearly that when I say the dominion government would be given absolute power by the adoption of this address, I am speaking with complete moderation.

British North America Act

What are "the classes of subjects by this act assigned exclusively to the legislatures of the provinces"? Anyone who will read section 91 of the British North America Act will discover that it contains many responsibilities, things that cost money, things that are a lot of trouble to administer, but no power in any one of them. There is no assurance of financial means by which to discharge those responsibilities.

As I have said, only one clause, clause No. 13, gives the provinces even a vestige of effective power in asserting those rights, and that clause has to do with property and civil rights. I have indicated already that the invasion of the fields of corporation taxes, personal income taxes and succession duties, virtually destroys the effectiveness of that power. How can a province assert any control over property and civil rights when it has no authority over the taxing power? The central government could pass laws affecting bus lines or trucking companies for example in a province that would make it impossible for them to successfully compete with the railroads. There is nothing to prevent that.

Then, there are alarming considerations in clause 10 of section 92, the only one which gives the province its powers. Let me read clause 10 of section 92.

> Local works and undertakings other than such as are of the following classes:
>
> (a) Lines of steam or other ships, railways, canals, telegraphs, and other works and undertakings connecting the province with any other—

That would include bus lines.

> —or others of the provinces, or extending beyond the limits of the province:
>
> (b) Lines of steam ships between the province and any British or foreign country;
>
> (c) Such works as, although wholly situate within the province, are before or after their execution declared by the parliament of Canada to be for the general advantage of Canada or for the advantage of two or more of the provinces.

What would happen to the Alberta oil industry which has been built up with such care and tremendous expenditure on the part of the provincial government, if the federal government—

An hon. Member: Oh, oh.

Mr. Blackmore: Now, I am speaking as an Albertan who knows. You just do not know "shucks" about Alberta. All you know is enough to make silly giggles.

The Acting Speaker (Mr. Beaudoin): I must remind the hon. member that he has exhausted his time and will need the unanimous consent of the house to continue.

Some hon. Members: No.

Some hon. Members: Yes.

[Mr. Blackmore.]

Mr. Blackmore: I do not believe I have exhausted my time, but if you say I have, Mr. Speaker, it is all right.

The Acting Speaker (Mr. Beaudoin): I am informed by the Clerk that the hon. member's time has expired. Unless he has the unanimous consent of the house, he cannot continue.

Some hon. Members: Yes.

Mr. Blackmore: I have just this to say, that even under the British North America Act and clause 10 of section 92, which gives the provinces their rights, the dominion government is now empowered to exercise an overriding control in property or civil matters in any province in Canada. I believe that can refer to any kind of property you wish to name. When you consider the impact of dominion financial measures involving the dominion's power over interest, loans and banks, and when you consider the power of the dominion in respect of tariffs, you realize that any industry in any province could be utterly destroyed by measures passed here by this federal government.

If we now give that same federal government more power, what can you expect? I urge, Mr. Speaker, that all people throughout Canada, high and low, give this matter the most careful consideration and bring whatever influence they can to bear upon the Prime Minister and the government to defer this matter for at least three or four months while we think it over.

Mr. W. Chester S. McLure (Queens): It is not my intention, Mr. Speaker, to deal with this matter at any length because I would be compelled to go over many of the arguments advanced by other hon. members. I would have to refer also to the great leaders of the past which has been done by previous speakers. I rise at this moment, Mr. Speaker, to register the opinion of a layman from the cradle of confederation, my province of Prince Edward Island, on this motion.

The question before the house is a motion by the right hon. the Prime Minister requesting an humble address to His Majesty the King for an amendment to the British North America Act of 1867. After listening to the debate, one would be forced to conclude that that is not all. I have listened to and read a great many of the speeches that have been made in the house on this constitutional question. Some of the speakers are the ablest lawyers in Canada, but some extremely good addresses have been made by laymen I am sure, Mr. Speaker, that if an unbiased vote were taken on the arguments that have been brought forth on this motion, the motion

would be defeated and the arguments dispersed to the four winds of oblivion. However, I do not believe it is possible to have an unbiased, nonpartisan vote.

In all the speeches that have been made in favour of this motion, I have attempted to find one democratic reason for the haste in bringing this matter forward at this session. The haste may be caused by the desire to fulfil some underground promises made during the last election. If no promises were made, then some undertaking must have been given to some of the people in this country that, if elected, there would be a complete severance of our ties with the British commonwealth of nations. Anyone is free to draw his own conclusions. After listening to the debate on this question, I have every reason for drawing my own deductions.

The motion before the house, then, concerns the securing of authority to change our constitution or, as the member for Lethbridge (Mr. Blackmore) has said, practically throwing away the British North America Act. When one considers this in conjunction with other legislation, namely the abolition of the right of appeal to the privy council, one asks the question, Why? It is simply because this government, or at least some of the members of it, have outgrown their British commonwealth pants and now wish to strut around with their thumbs in their vests, declaring to this country that we are old enough and big enough to carry on our own business. Perhaps that may be true. They have a perfect right to those thoughts. But beneath it all there is one determination and there is a submerged and real danger in it for the provinces of Canada.

The present Liberal government have been returned to power with a large majority. They have a mandate from the people; this large majority gives them that mandate. I hope that it has not awakened in their minds the unholy desire for centralized power and control at Ottawa to the detriment of the provinces, both from a political point of view and otherwise. I also hope that this determination to scrap the last vestige of a tie with the mother country will not result in the passing or the endeavour to pass this motion.

Each of us must think in terms of his own province and what it would mean. The Liberal party at the present time appear to have made up their minds to get a still stronger stranglehold on the provinces and on the affairs of each individual, as it were, so they can dictate provincially, without the possibility of a come-back from any of the provinces; because they do not intend at the present time to ask their advice with regard to changes that are to be made.

As I see it, the picture is this. We seem to be heading straight for a soviet Canada; it looks as if we want to sovietize Canada. It is not far off if we continue to bring in legislation of this kind, whereby an election need only be held at the will of the government in power which can practically control things and tell people how, when, and why they should vote. All this can be looked upon as probable, having regard to the undue haste to get this legislation through. It is not what they are really wanting at the present time. It is only that they must have power, more power and still more power, control, and centralization of everything at Ottawa.

Canada has already obtained its independence. This fact is recognized by everybody. But with this independence, is it Canada's desire to break off all connections with the British commonwealth of nations? I do not believe that the citizens of this country have that desire. There is, however, something else we should consider in connection with this matter. We must look to the future. Canada occupies a unique position, being the connecting link with Britain and with western Europe and, through Britain and western Europe, with the United States. That position must be preserved. While we may have the right to sever the link, why do it at the present time? I would ask the Prime Minister that question.

Through the administration of justice lies the hope for the future. Justice is our common bond with all nations. Prince Edward Island, the cradle of confederation, did not join the union in 1867 or, as it is sometimes called, the pact or agreement; but it matters not what you call it. There was a three-cornered pact anyhow between the provinces, the dominion as it was formed, and the mother country. We did not join in 1867 because the terms offered to us were not considered to be satisfactory. However, we could not be coerced to join because the power to deal with the matter was left to the legislature of our own province. But in 1873, after being wooed by the other provinces, and after better terms were granted, our province entered the union. When we entered it, our province knew that they would have the protection of the terms of the British North America Act in case of non-fulfilment in a large degree of the terms under which they entered confederation. Now all this will be done away with if this motion passes and if the ideas in passing it are carried into effect.

On Monday last we all listened to an address given in this chamber by the Prime Minister of India. Let us take a lesson from India. I think the example set by India ought

not to be overlooked. India was granted complete independence a little over a year ago and is now what might be termed a republic. Yet the right of appeal to the privy council would seem not to be done away with. If this is so, is it not a tribute to the value of the relationship that still exists?

I know that if the celebrated lawyers in this house would look up their weekly notes for the month of August, they would find a summary of an important case that India appealed to the British commonwealth of nations.

The passing of this motion in an arbitrary way, without the consent of the legislatures of the ten provinces, opens the door to the removal of many of the rights of minorities which the British North America Act seeks to guard.

At the present time Britain is experiencing hard going. This hard going is the result of her stand in the last war. She is fighting for her very existence today. A move at this time to further separate this country from Britain will no doubt be interpreted as a break in the solidarity of the British commonwealth, which will no doubt give pleasure to some places and to some individuals.

This is so great a departure from our present system that the whole question should be given a great deal of study, and time should be given for consideration. The question is not one on which all people can make a hasty decision such as we are asked to make at this time.

As I said, Mr. Speaker, I am not going to make any extended remarks. In closing I just wish to say through you, sir, to the Prime Minister (Mr. St. Laurent) that the motion will carry, as he knows, because of the rubber-stamp voting power; but with the weight of argument clearly shown by former speakers in this house and the precedents established by Canada's builders of the past and the agreement of the three parties to the contract this motion should be delayed in order that all parties to our confederation may have a voice in the matter. Then when you decide to put this motion before all parties to the contract you will know that democracy will reconfederate Canada.

Again, should this motion be adopted, giving the government the power to amend its own constitution, without consulting the provinces, one hates to anticipate what the future may evolve. I should like to suggest that should this motion carry the opposition should bring in a minority report in the form of an address to His Majesty the King so that the rights of the provinces of Canada will be given back to them and not destroyed.

[Mr. McLure.]

Hon. Edouard Rinfret (Postmaster General): Mr. Speaker, it seems to me that in approaching this subject, and in discussing it in the house, some hon. members have put on 1949 glasses when they should look at the constitution through 1867 glasses, and that hon. members are approaching this subject with what they would hope to see in the constitution rather than what is actually in it.

The other day the hon. member for Broadview (Mr. Church) cited some of the remarks I made in a speech in Montreal. From them he gathered that there was a division in the cabinet on this matter, and that the government should proceed cautiously. From my remarks I think hon. members will see that there is no division in the cabinet on the matter. The hon. member for Broadview was referring to a speech that I made in Montreal. Curiously enough the words that he attributes to me were cited from an English newspaper of Montreal and were placed in quotation marks. On that occasion I had no written speech. I had only notes, and the remarks I gave were in French, so I do not see how people could quote me the way they did. In this speech I am reported as having said that Mr. Duplessis is fond of grandiloquent speeches. I do not remember using those exact words, but if I did not I should have.

In that speech reference was made to another speech that had been made by the premier of Quebec in which he recalled to memory what the St. Eustache patriots did in 1837 to obtain a responsible government; also another event of 1841. What I said on that occasion in reference to the patriots of 1837 was that they did fight for the recognition of responsible government, and they also asked the right, the sacred right as a matter of fact, to choose their own representatives. I added to that and said that on June 27 the people of all Canada did the same thing as the patriots of 1837, and chose the representatives they wanted to represent them in the federal house for the next four years. I said further that the people from the various provinces, and particularly from the province of Quebec, having elected Liberal members to represent them, one would not expect that these same members would be treated as strangers when they go back to their own province as we have been by the premier of Quebec.

In that same speech Mr. Duplessis said that in 1867 representatives of the provinces of Quebec, Ontario, New Brunswick and Nova Scotia got together to discuss the constitutional problems.

What I said was that there was no province of Quebec at that time and there was no province of Ontario. There was only one

province of Canada, and the provinces had been created by the Constitutional Act. On that occasion I cited a friend of Mr. Duplessis, Sir Thomas Chapais, who had this to say on the constitution of the provinces.

(Translation):

I quote from Thomas Chapais' "Cours d'histoire du Canada", volume 8, page 213:

. . . especially that part of confederation which affects more particularly the French-Canadian group. We owe them (the fathers of confederation) a debt of gratitude for creating—in the welter of conflicting interests and the intricacies of constitutional problems—a little homeland, the province of Quebec, so dear to us, to which they have given such vitality. Indeed, as far as what was known as Lower Canada, their main achievement is the establishment of a provincial state, of a legislature that is truly ours, where we are the guardians of our closest interests. We have thus been able to achieve an end which the French-Canadian group had struggled to attain, for a whole century, amidst innumerable perils and dangers.

Taking Sir Thomas Chapais as authority, I showed that neither the province of Quebec as such, nor the province of Ontario as such existed in 1867, and that it was only through the enactment of the British North America Act that they came into being.

(Text):

Mr. Duplessis went on to say that the provinces retained to themselves the full authority to deal with matters pertaining to the protection of their rights and privileges. As a matter of fact, as I have just said, the provinces did not exist at that time; therefore they could not have agreed, and they could not have given or retained any powers whatsoever. Mr. Duplessis said: "It was a compact." He went a little further than that. He said: "It was a notarial act." On that occasion I said: "If it was a notarial act he should produce it." As to the matter of a compact or a contract I shall come back to that in a moment. Mr. Duplessis said: "It was a compact that could not be changed without the full consent of the parties concerned." I shall also deal with that a little later.

The premier expressed fear that changes in the constitution, as advocated by the Liberals at Ottawa, might reduce provincial autonomy. I have emphasized the point, and I do so again, that in the motion before the house there is not one iota of a change in so far as rights and privileges of provinces or of minorities or of religion or what-have-you are concerned. We are endeavouring only to find a procedure whereby in Canada we shall be able to do what is done at the present time in London. We have no intention of changing by one iota the rights that are contained in the constitution at the present time. We wish only to add to the constitution machinery of procedure whereby, if at some time in the future there is any necessity to amend the British North America Act, it will be found there instead of being absent from the text.

This brings me to the other remark made by the hon. member for Broadview (Mr. Church). I am supposed to have said that "This—extending the French language to all Canada—will be done when the constitution is amended", the reference being to section 133. I did not say anything about amending section 133. I drew the attention of the population of Quebec to the fact that section 133 protected the French language in the federal government at Ottawa, in the federal courts and in the province of Quebec. There is no guarantee under section 133 for the use of the French language elsewhere than in Quebec and Ottawa. I said that it could not be claimed that Canada is a bilingual country. I said also that I would fight in the future—not at this time, because no change is contemplated in section 133—to have Canada known as a bilingual country and to have section 133 amended if necessary so that the French and English languages would be official throughout Canada.

Then a word with regard to the extension of social security benefits, which was referred to also by the hon. member for Broadview. All I said was that I did not recognize the right of the premier of Quebec to use the allowances paid by the federal government to the children of Quebec to buy schoolbooks which up to then had been furnished gratuitously by a Liberal government.

We have to go back to 1837, 1840, 1864 and 1867 to find out what the real spirit of the constitution was. Mr. Duplessis said:

(Translation):

We need a strong confederation based on the spirit that inspired the confederation pact.

(Text):

I was asking what spirit had guided the fathers of confederation when they adopted their resolutions. Mr. Duplessis said that the fathers of confederation would never have consented to the subordination of the French Canadian people under a law which could be changed at any time. I am not attempting to say today what might have happened at that time if those people had had such a thought. I can only point out what in reality they have put it in the agreement and in the law. Mr. Duplessis said that it would be impossible for them to survive if the legislature disappeared. There is no intention to have the legislature disappear. On the contrary, we are seeking to create a procedure, or to have the provinces agree as to what procedure should be followed in connection with questions that concern them. That is the whole question.

British North America Act

What is the spirit and letter of the British North America Act? The preamble of the act is quite illuminating. It reads:

Whereas the provinces of Canada—

It does not read "the provinces of Quebec and Ontario"; it reads "the provinces of Canada". As Mr. Duplessis said, the Union Act of 1840 united the two provinces into one province. The preamble continues:

—Nova Scotia and New Brunswick have expressed their desire to be federally united into one dominion—

I draw the attention of the house to the difference between the French and English versions of that preamble, because this is probably what has brought about the idea of a contract. The French text reads, at least as I find it in Chapais' book:

(Translation):

Whereas the provinces of Canada, Nova Scotia and New Brunswick have expressed their desire to enter into a contract for the purpose of forming a federal union which would unite them into one dominion.

(Text):

The English text says that there is a desire to be federally united into one dominion. After the fathers of confederation had expressed their desire the Queen's Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, granted their request or, at least, the greater part of it. As I said the other day, it is just like a group of students who desired to have a holiday but which could not be enjoyed until the principal of the school said it was all right.

The constitution is divided into a number of sections. The preliminary sections are Nos. 1 to 8. The executive power of the federal government is covered by sections 9 to 16. The legislative power of the dominion is covered by sections 17 to 57. The provincial executive power is covered by sections 58 to 90. The distribution of the legislative powers as between the federal and provincial governments is dealt with in sections 91 to 95. The judicature is dealt with in sections 96 to 101. Then there are sections dealing with revenues and other miscellaneous matters. Those constitute the letter of the constitution.

In 1864 there were two divergent views about what the constitution of Canada should be. It was argued by some that there should be a legislative union, but that argument was put aside because it was felt that a country like Canada with different languages, different religions and different races could not be governed by the one government.

Others wanted omnipotent provincial legislatures, but that was also put aside. The fathers of confederation adopted a middle course and decided on a federal union with federal and provincial governments. What was the spirit that inspired them at that time? Section 90 reads:

The following provisions of this act respecting the parliament of Canada, namely,—

I drop down a few lines:

—the disallowance of acts—

And again:

—shall extend and apply to the legislatures of the several provinces as if those provisions were here re-enacted and made applicable in terms to the respective provinces and the legislatures thereof, with the substitution of the lieutenant governor of the province for the Governor General—

et cetera. It would appear that in 1867 the fathers of confederation gave to the federal government the power of disallowance of all acts passed by the provinces. The fathers of confederation gave to the federal government a supervisory power over what was to be done by the provinces. That is incorporated in the act of 1867 and has not been changed. It shows what was the intention in the minds of the fathers of confederation. Section 91, as everybody knows, has to do with federal powers. It reads:

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—

Therefore the residuary power is given by the fathers of confederation to the federal government. Section 91 goes on to say:

—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 . . .

A list of subjects follows. The third one is the raising of money by any mode or system of taxation. I emphasize the words, "by any mode or system of taxation". On the other hand, section 92 reads:

In each province the legislature may exclusively make laws in relation to matters coming within the classes of subjects next hereinafter enumerated; that is to say—

And No. 2 reads:

Direct taxation within the province in order to the raising of a revenue for provincial purposes.

There is some sort of overlapping power as far as direct taxation is concerned. There is no doubt in my mind that both the federal and the provincial governments have the right to tax directly. At this point I should like to cite the case of John Deere Plow *v.* Wharton as follows:

The form in which provisions in terms overlapping each other have been placed side by side, shews that those who passed the Confederation Act

intended to leave the working out and interpretation of these provisions to practice and to judicial decision.

That is a decision of the privy council. Proceeding with the discussion of the various powers, and having in mind what was said by the members of the privy council in the case of John Deere Plow *v.* Wharton, I wish to draw the attention of the house to section 96, which reads:

The governor general shall appoint the judges of the superior, district, and county courts in each province, . . .

There again the fathers of confederation decided in 1864 that the judges of all superior courts, all district courts and all county courts should be appointed by the federal government and not by the provinces. Therefore they gave the right to the federal authority to appoint those judges.

When it is pointed out that, according to the decision of the privy council, any interpretation which is not clear should be submitted to the courts, we are faced with the objection that it is advantageous for the federal government to do that because it appoints all the judges. The federal government appoints all the judges because it was so decided by the fathers of confederation in 1867. When the argument is advanced that we should have federal judges on one side and provincial judges on the other side to decide on some point of the constitution, I say that is impossible. I say there are no such things as federal judges or provincial judges. There is no such thing as a judge with a federal mentality or a judge with a provincial mentality, and if there is any such person should not be allowed to preside in a constitutional case because he has prejudged the case, and that should not be done.

Section 101 reads:

The parliament of Canada may, notwithstanding anything in this act, from time to time, provide for the constitution, maintenance and organization of a general court of appeal for Canada . . .

That is what we have done with our supreme court. I wish to point out, Mr. Speaker, that, whereas in all cases of civil jurisdiction, according to article 92 the power to create civil courts has been given to the provinces, with the judges to be appointed by the federal government, in the case of the Supreme Court of Canada, the general court of appeal for Canada, the maintenance, creation and organization of the courts and the nomination of judges are matters given to the federal authority. I say again this power is according to the spirit of the fathers of confederation when they wrote the constitution.

The hon. member for Lethbridge (Mr. Blackmore) pointed out another instance which shows what the spirit of the fathers of confederation was. According to section 92, paragraph 10, of the British North America Act, it is sufficient for the parliament of Canada to declare that something is for the general advantage of Canada or for the advantage of two or more of the provinces for that matter to fall under federal jurisdiction. That again shows that the fathers of confederation wanted it to be that way. Otherwise they would not have written it the way they did.

Another clause which shows exactly the same trend in their minds is section 118 which reads:

The following sums shall be paid yearly by Canada to the several provinces for the support of their governments and legislatures . . .

According to section 118, the federal government has to pay the provinces for the support of their governments and legislatures the amounts therein enumerated. The provinces were not satisfied with the amounts set out in section 118, and on four or five occasions they asked that they be increased. There again I say that the purpose and spirit of the fathers of confederation is in the act at the present time, and has been there since 1867.

As to amendments, the fathers of confederation after making the various provisions they have made, and that I indicated a moment ago, provided for the amendment of the provincial constitution by the provinces themselves. Therefore they gave some thought at the time to the question of amendments. They did not, however, incorporate in the constitution any provisions as to what was to be the procedure to be followed in the case of amendments. We therefore have to go back to the general law that the authority which is empowered to pass a law also has the power to amend it; and I will go even further than that and say, to put it completely aside. Therefore we have to go back to the imperial parliament in London in order to bring about any amendment to the act. It has been argued that the provinces should be consulted. There again I go back to 1867, 1869 and 1870, and I look at what the fathers of confederation have done. Taking the first two amendments, one of them, if I am not mistaken, dealt with the increase of the subsidies to be paid to the provinces, a purely provincial matter. The fathers of confederation did not go to the provinces to ask for their consent. In the first two amendments the fathers of confederation did not even come before parliament to ask for assent. They acted on their own, as a government. Are we going to accuse the fathers of confederation of having acted contrary to the ideas they had themselves expressed in the constitution, because in 1869 or 1871 they did not seek the consent of the provinces?

Are we going to accuse them of attempting to destroy the work they had done in previous years? Why therefore should we be accused today when we do exactly what the fathers of confederation did at that time? Why are we faced with an accusation of that kind, when the fathers of confederation at no time consulted the provinces in regard to any amendment?

Some of the amendments made in later years were opposed by the provinces. Now let us transpose ourselves to London, where the authority for amendment rests. It is the British parliament which has had to decide up to the present how amendments were to be effected. They have decided who had authority to suggest any amendment. One after the other they have accepted the amendments which have been forwarded after receiving the approval of both houses of this parliament; and they have consistently refused to even consider any amendments suggested by the provincial legislatures. In three or four instances, one concerning British Columbia, two concerning Quebec and I think one having to do with Prince Edward Island, after resolutions were forwarded from this parliament representations were made by the provinces asking that the amendments should not be passed. The imperial government refused to consider those objections, and adopted the resolutions exactly as they had been suggested by this parliament.

What happened in 1943, when there was an amendment of the act which I think had to do with redistribution? On July 22 of that year Mr. Price, speaking in the parliament at Westminster, said:

> I entirely endorse what the hon. gentleman has just said, that we ought not to discuss the matter, but I think we ought to ask why a sovereign parliament in one of our great dominions has to be before us at all. I really think it is an anomaly, and, though it may not be possible to get rid of it at this moment, I hope my right hon. friend may be able to give us an assurance that at some future date, as early as possible, it will be got rid of.

Then on July 26, 1943, Mr. Anthony Eden had this to say:

> I think it is quite clear to the house that this bill deals with a matter which is entirely within the discretion and judgment of the Canadian legislature. In a sense, therefore, this is a purely formal bill.

Then I come to Mr. Beverley Baxter, for whom I know some of my hon. friends on the other side have great respect. He had this to say:

> It should be possible to pass a resolution in both houses here and in Canada that in future any alteration or amendment to the British North America Act should be done solely by the Canadian parliament, that the Canadian parliament should itself make any alteration in the Canadian constitution, and that this house should forgo forever any further passing of any act or measure affecting any of the dominions.

So I say that as the act stands now, with the meaning that has been given to it by the fathers of confederation, the right to amend the whole constitution rests with London, except in relation to provincial constitutions. As someone has said already, we wish to repatriate the right of amendment; but at the present time we desire to do it only with respect to that portion of the constitution dealing with the federal field. We want the provinces to get together with us, not to examine the rights and privileges of anybody, not to make a new delimitation of the powers or privileges of the federal or provincial governments, but to devise a new procedure. We want to get together and agree if possible on some procedure we can incorporate in our constitution, for our Canadian purposes, so that at some future time we may not have to ask ourselves whether or not it is necessary to get the consent of the provinces to amend our constitution. We want to know what the procedure will be for the future, and we want to discuss it with the provinces on friendly terms. We will agree to give the provinces necessary guarantees, if they want them, in regard to language, religion and education.

So I fail to see how the provinces, or the minorities in the provinces, will be protected any the less by what we are doing than if we did not do it at all. We want an agreement to protect the rights of those minorities. Is the premier of Quebec going to refuse to meet with us and discuss what further security or what other guarantees we can give with respect to provincial rights concerning education, language and religion?

Mr. J. A. Ross (Souris): The proposed address concerning the amendment of the constitution appears at page 828 of *Hansard*, but since it is rather lengthy I shall not take time to read it. However, I wish to offer some comment with respect particularly to education and taxation, and to indicate my disapproval of the procedure that has been suggested by the government. In discussing this proposal the Prime Minister (Mr. St. Laurent) referred to a statement he made last May:

> A method should be worked out to amend our own constitution. It is our intention after the election to consult the provinces as to the method by which amendments to our constitution shall be made.

This government received a mandate to proceed with the question of amending the constitution, but only after consulting the provinces. With that I may be in some measure of agreement. The principle was

approved at a conference in December, 1935, and I should like to bring this to the attention of the hon. gentleman who has just taken his seat. That conference adopted a resolution moved by Hon. L. A. Taschereau, K.C., the then premier and attorney general of the province of Quebec, which emphasized that a method for amending the constitution should be devised by representatives of the dominion and provincial governments before any steps were taken in that direction. According to correspondence between the Prime Minister and the provincial premiers, at least six of the premiers, a majority, disagreed to some extent with the procedure proposed by the government. In the closing part of his letter, the premier of Alberta stated:

> We strongly urge that this whole matter be held in abeyance pending the conference which you propose to convene at the close of the present session of parliament. It seems to us that this is the only way in which future conflict can be avoided and the unity of Canada, which we all desire, preserved and strengthened.

I believe that is very important. It is the keynote of the greater part of the correspondence from the various premiers.

I should like to refer particularly, however, to the letter from Premier Campbell of Manitoba, since he is the premier of my native province. This letter is found at page 875 of *Hansard* and is dated October 6, 1949.

> The government of Manitoba would be pleased to discuss with the federal government and the governments of the several provinces the questions mentioned by you at any time and place that is mutually convenient.
>
> Your letter indicates that your government has already decided to ask the United Kingdom parliament to amend the British North America Act so that the parliament of Canada would have authority to amend the constitution of Canada, but only in relation to matters not coming within the jurisdiction of the legislatures of the provinces nor affecting the rights and privileges with respect to education and to the use of the English and French languages. The government of Manitoba feels that there might be differences of opinion as to whether a proposed amendment to the constitution related only to federal matters or affected provincial interests, rights, or jurisdiction. Before agreeing to any specific proposal, therefore, our government will examine carefully the manner in which the provincial position is to be protected.
>
> The main purpose of the conference, as I understand it, would be to try to evolve a method of making, within Canada, amendments to those provisions of the constitution which concern both federal and provincial governments. The government of Manitoba realizes that a conference such as this will be dealing with difficult and complex constitutional problems, and that progress towards a solution of them can be made by representatives of Canada and the provinces meeting together. Our government is therefore of the opinion that a preliminary conference, comprising constitutional experts, though not necessarily limited to them, would be useful in clarifying many of the issues involved. We would consequently welcome the calling of such a preparatory conference, and will be glad to participate in it.
>
> I assume that the Manitoba government will be furnished with an agenda for either the preparatory conference or a dominion-provincial conference in sufficient time to afford us an opportunity of discussing items on the agenda and to enable our representatives to make full preparations.
>
> Yours sincerely,
>
> Douglas Campbell

I believe that clearly sets forth the position of the premier of Manitoba, and the same principle is embodied in the letters from the premiers of the other provinces.

Added to that, the premier made a detailed speech which he delivered in the Manitoba legislature on March 24, 1949, in which he said this was his first full speech on the subject of dominion-provincial relations since occupying his present position. He also says he will deal with the benefits which Manitoba secures from the present agreement between Ottawa and Manitoba as well as criticisms of the agreement. I quote from his speech:

> During the depression period of the 1930's, several of the provinces of Canada found it to be impossible to provide for their people.

Further down on this same page, he says:

> This situation existed throughout that entire period despite the fact that the government of Manitoba had imposed a level of taxation which was higher than that imposed by any other government in Canada, and despite the fact that the services provided to Manitoba people were at a level much lower than that which would be considered satisfactory under modern conditions.

I turn now to page 8 of the premier's detailed speech.

> —it is significant to point out that the two plans which were submitted to the dominion-provincial conference by the province of Ontario recognized this principle explicitly by providing that payments should be made to the provinces in accordance with need.

I believe that is a rather significant statement to be embodied in the speech of the present premier of the province of Manitoba.

On page 11 of his speech he states:

> The government—

That is the government of Manitoba.

> —definitely agrees that a conference should be held as soon as practicable, but, to our mind, the timing of the conference is fundamental, and we are consequently of the view that it should be called immediately after the next dominion election. I am, therefore, prepared to state to the house now that this government will take the initiative in asking that a conference be called as quickly as possible after the dominion election.

In the last paragraph, he says:

> —it advocates a procedure for obtaining a still better tax agreement.

The premier of Manitoba has been fairly consistent, according to this detailed speech delivered in the Manitoba legislature on March 24, 1949.

Mr. Cruickshank: Did we not hold an election on June 27?

Mr. Ross (Souris): That speech is in keeping with the letter he wrote in reply to the letter received from the Prime Minister of Canada.

Speaking of education in the province of Manitoba, it may be realized that approximately seventy-five per cent of the entire cost of education in that province is borne by taxation on real estate. I have been greatly concerned about that matter ever since I was associated with municipal affairs, and have continued to be concerned about it since coming to Ottawa. Under such a system, equality of education is not possible for the youth of this land. Year after year the policy of assessing land which brought in no revenue, and endeavouring to collect taxes from that land, has been followed.

Mr. Hunter: Speak to the motion.

Mr. Ross (Souris): Was the hon. member referring to me?

Mr. Hunter: Yes.

Mr. Ross (Souris): I suppose the hon. member is not a bit concerned about education in Canada.

Mr. Hunter: I am concerned about the question before the house.

Mr. Speaker: Order.

Mr. Ross (Souris): I presume I am quite in order, Mr. Speaker, because this motion distinctly deals with matters between the dominion and provinces; and the municipalities, who are to large degree responsible for education, have no recourse other than through their provincial government.

I am going to give you one concrete example. A school board in Manitoba increased its budget for 1948 by fifty per cent over 1947. That increase of fifty per cent in that budget actually meant an increase of seventy-five per cent on the farm land and other real estate within that consolidated-school area. I suppose that concrete example could be repeated in many places. Not only that, but in that same school area a number of farmers, living along the river bank, on land which was among the highest in assessment, lost three entire crops as a result of floods. One can imagine the position in which it put those people.

Owing to the fact that seventy-five per cent of the cost of education in that province must be borne by real estate it is absolutely impossible, as I have said, to have equality of education, especially when you compare that with the other provinces. I profess to know something about what has happened in Ontario in the past years. I will repeat what I have said in this house and on the hustings. I know the statement has been disputed on the hustings by people in high office; but, since some of those people are here today, they can deny it if they will. When the leader of the opposition was premier of Ontario and minister of education, the grants to school districts were greatly increased. In some of the more difficult areas these grants were increased to as much as ninety per cent. Imagine what a municipality could do for other services when it was relieved of that proportion of the cost of education? I make that comparison because I think that is something towards which we should be striving.

To me it has been an exceedingly important matter. Last fall at the municipal convention in Manitoba Mr. Morton, the municipal commissioner, pointed out the financial difficulties that many municipalities were getting themselves into. In his speech to that great convention he stated that they were then the sum of $3 million poorer in realizable assets than they were in the year 1945, and that for the immediate past year they had an operating cash deficit of many hundreds of thousands of dollars. That situation has a distinct bearing on the type of education that these people can provide for the youth of the land who happen to live within that province, and I think it is a most important matter.

Then I want to make some reference to an organization known as the Manitoba teachers' federation. Their brief has been endorsed by what is to me the greatest and the most influential organization in Canada, namely, the Canadian Legion. Nobody will dispute what that great organization did throughout the war years in assisting the government of the day in various aspects of the problems which they had before them. First of all, this federation points out:

> . . . a new definition of education which involves the all-round development of the child and an emphasis on citizenship, make the educational perspective of 1867 and a narrow interpretation of the provisions laid down in respect to education in the B.N.A. Act untenable today.

I agree wholeheartedly with that statement and with many others in their presentation. They say:

> Migration of population within our country, accelerated immigration as witnessed in the past two years, and an apparent inability on the part of provincial authorities to meet the demands of the situation, accentuate the need for the federal government to study the problem in the interests of the nation as a whole.

They go on to state:

> We are faced with a national problem. To the degree that the education of Canadian boys and girls is deficient or insufficient, we reduce the prosperity of our nation and increase the vulnerability of our national security.

Further on they state:

> Federal aid for education is a need born of a shift in taxation. Meeting this need may involve fiscal control—safeguards in the spending of funds from the federal treasury—but not policy control.

They make the point extremely clear that while they must have federal aid in the matter of funds, the policy should remain with the various provinces. They state:

> In any plan of federal assistance it would be understood and agreed that the expenditure of funds by the government of Canada would in no way be deemed to confer upon any minister or official of the government of Canada any right of supervision or control over any school or educational institution with respect to which any federal government funds are expended.

Their officials state:

> Why should we not match the family allowances with grants to the provinces on a per pupil capita basis earmarked for education and conditional upon the province not reducing its budget for education?

I have pointed out that this suggestion had been endorsed by the Canadian Legion. They had asked for federal grants for education. I am sure nobody will dispute the standing of the Canadian Legion in this great nation of ours.

Mr. Cruickshank: Do not bring it into politics now.

Mr. Ross (Souris): I am not bringing it into politics. I am trying to keep this discussion on a non-political basis. I am pointing out what a controversial subject this could be as between the provinces and the dominion.

Mr. Cruickshank: And you are directly opposing the opinion of your leader.

Mr. Ross (Souris): Mr. Speaker, the hon. member for Fraser Valley (Mr. Cruickshank) is a good friend of mine and he is an able man. He is capable of making his own speech on this matter, and I am sure he can do it justice.

Mr. Cruickshank: I hope I do better than you are doing.

Mr. Ross (Souris): I have stated, Mr. Speaker, that I am wholeheartedly in favour of federal aid for education. I have pointed out the great difficulties that now exist, from the financial point of view, in the various provinces throughout this country and the effect this fact has upon the municipalities within those provinces. My sympathy is not only with the municipal corporations in the province of Manitoba but with many municipal corporations in other provinces of Canada. Those people who find themselves in office and responsible for the administration of municipal affairs are finding the position difficult today not only with respect to education but with respect to many other matters; and in due course the provinces find it difficult to adjust matters with them as they should be adjusted. The only recourse is a conference between the various provincial governments and the dominion government.

In debate the Prime Minister (Mr. St. Laurent) stated:

> Whether or not the granting of financial assistance by the federal government to the various provinces could be arranged in such a manner as to avoid exercising any direct or indirect control over the field of education, which is essentially within provincial jurisdiction, is a question offering greater possibilities of controversy.

I am sure we all fully realize that situation. I want to emphasize that statement made by the Prime Minister in order that those people who are seeking this assistance may realize some of the difficulties which lie ahead of them.

I am inclined to agree with some of the remarks made by the hon. member for Lethbridge (Mr. Blackmore) this afternoon, when he pointed out that this procedure for the amendment of our constitution should be the concern of every community organization within every province throughout the Dominion of Canada. I think that the various provincial governments, whose premiers have spoken as they have, should have the wholehearted support of every chamber of commerce and of every other like organization throughout this nation. There is no reason in the world why this government could not let this matter stand in abeyance for a few months, as they have been asked to do by the majority of the premiers of the provinces of this country. No harm would come of it; on the contrary, I am sure that much good would accrue to the various municipal organizations as well as to the provinces, ultimately bringing about greater equality of education for the youth of this great nation which, by the way, is the greatest asset of any nation at this time. I shall be forced to vote against this procedure, as it is now proposed, although I believe wholeheartedly in certain amendments to our constitution at this time.

Mr. A. L. Smith (Calgary West): I rise, Mr. Speaker, to take part in this debate at this late date; and even at this time I am buoyed up with the hope that the remarks I make may be a contribution to the general objective which we all have in mind. I intend, if I can, to strip of all complexities and so on the whole matter of difference between us, to try to find out just wherein we differ and how serious that difference may be. In doing so I shall not quote from anyone.

I see that you are becoming nervous, Mr. Speaker; you anticipate something. Shall I continue?

Mr. Speaker: It is expected that the house will receive a message from the Senate.

Mr. Smith (Calgary West): I am told the officials are waiting outside. I move the adjournment of the debate.

THE ROYAL ASSENT

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, the house went up to the Senate.

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give in His Majesty's name the royal assent to the following bills:

An act to amend the Exchequer Court Act.

An act to amend the Department of Justice Act.

An act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1950.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

BRITISH NORTH AMERICA ACT

AMENDMENTS TO THE CONSTITUTION—ADDRESS TO HIS MAJESTY THE KING

The house resumed consideration of the motion of Mr. St. Laurent for an address to His Majesty the King praying that a measure be laid before the parliament of the United Kingdom to amend the British North America Act, 1867, relating to the amendment of the constitution of Canada, and the amendment thereto of Mr. Knowles, and the amendment to the amendment of Mr. Garson.

Mr. Smith (Calgary West): Mr. Speaker, when the house rose just before the dinner recess I had begun by saying that I had no intention of quoting anybody, be they great men or otherwise, but that I intended, in laymen's language, to try to find the exact difference between us as to this problem which, in my judgment, is a simple one, and can be put in words of one syllable. I said I had no intention of quoting great men. I hope I am not cynical, but in my judgment the word "great" has been used altogether too loosely.

[Mr. Smith (Calgary West).]

There is no difficulty in being a so-called great man in an expanding economy or in an expanding geography as, for example, the occupation of the middle and western portions of the United States and Canada. In my time greatness has been exemplified by only three men. Two of them are dead. The direct representative of one of them honoured this chamber by his presence just the other day. The second one died in the achievement of that to which he had devoted his life, and in an endeavour in which he lost his life. The third one is still living. I trust that politics will not find in him the feet of clay which we find in most of these people to whom at one time or another we have attributed greatness. If I were asked to choose the man in the Dominion of Canada who most nearly deserves the right to that appellation I would have only one choice. He is not a statesman; he is not a soldier. I think the greatest man whom Canada has produced was that eminent doctor, Sir William Osler. I say that because we must judge people by their contribution to the world and to humanity, and for that quality of high courage in times of adversity. Therefore I think the men I have mentioned qualify.

I said to you, Mr. Speaker, that I would endeavour to find just where we differ. It is a fact that the trouble in which we now find ourselves arises because the fathers of confederation did not provide us in our constitution with a method of curing the ills which were inherent in it. People much more accustomed to research than I am, and more industrious than I am, tell me that the confederation debates are singularly silent on the subject. One can scarcely believe that was an accident. I do not think the fathers of confederation did not contemplate what would appear after the event as something of great simplicity, namely, a method of amendment. Therefore my conclusion is that perhaps with some deliberateness they omitted mention of the method of amendment in their reported debates, and thought that was one thing that they might just as well leave alone at the moment because they might get into the difficulties which are now apparent in the discussions of the problem which confronts us today.

Just what is our problem? No amendments to the constitution are contemplated at this time. In so far as I have heard or have read, no major changes are necessary. By that I mean division of authority and that kind of thing. A major amendment is necessary in connection with the very matter of amendment itself. Therefore we come down to a simple position of difference. Some of us say that it should not be done without consultation with those authorities who gave us

all of our authority. Whether that was by agreement, pact, treaty or something else, I do not care. From all the speeches to which I have listened I would say that we are very nearly unanimous in the opinion that the constitution of Canada, both dominion and provincial, should be amended by Canadians, and that we should not be put to the necessity of going through certain motions which in these modern days are nothing but motions; in other words, the elimination of the red tape, because that is all it is, in having this sort of thing done.

I am not going to criticize anyone. I am not going to say that the Prime Minister (Mr. St. Laurent) said one thing before the election and now does the other. I express no bad faith in any member who has spoken nor shall I, I hope, in any member who votes on this measure. Coming down to the crux of the problem, the nub—I like that word, and I am sure it is one that has been used quite often by the Prime Minister in practising his profession—we come down to one thing only. We all agree that Canadians should amend their own constitution. We are not agreed as to method. I know that the obvious reply to the things I am saying is that we have debated this matter for eighty-two years. All the major parties—I hope my friends to my left will forgive that expression—

Mr. Gillis: Considering where it comes from we will.

Mr. Smith (Calgary West): I am sorry, but I did not hear you; perhaps it is just as well. The two major parties, if again I may use that expression without offence, have put themselves on record more than once in favour of the broad principle. Here we are sitting in this House of Commons, some 260 odd—there may be the odd vacant chair, Mr. Speaker, but I cannot see them; from your point of view you may be able to see the odd vacant seat but I cannot see them at the moment—trying to do what? We admit that we are all in favour of the broad principle, and yet we are fighting over matters that in themselves are perhaps of little consequence, but in the sum they add up to what? They add up to one very simple thing; that is, should we consult the other interested parties now or should we move on our own now and consult them at a later date?

That is the only problem before this house at this time. I go back to where I was a moment ago. I realize that someone may say, "Well, if we have been at it for eighty-two years it is time we got some action". There is validity in that argument, but it is immediately answered by the suggestion I offer; that if we have been at it for eighty-two years, another six months is not going to hurt anybody, particularly when we know that immediately after the conclusion of this session the interested parties are going to meet and talk to one another. Then it may be said that because of certain things we have seen in the newspapers there is no object in calling such a conference. In my judgment that argument has no validity whatever. We all know that if we who differ carry on these controversies in the newspapers, as one is being carried on now, it does not help the situation when people get together in order to try to solve their difficulties. So the argument that there is no use doing this thing, having this conference, I discard immediately. The Minister of Labour (Mr. Mitchell) is not here. I am sure he is better occupied in whatever he is doing than he would be in listening to me, but if he were here I am sure he would be the first to agree that in the history of labour relations, the history of conciliation, everyone starts out by saying, "This is rock bottom, beyond which I will not go". The fellow on the other side says exactly the same thing. But time works wonders, and in time they come together. You may introduce a conciliator or an arbitrator, but in time practically all matters are resolved to the general satisfaction of both sides, and business life goes on in the community. So I hope no one will say that just because A says this is a matter of life and death, and there he is going to stand, he necessarily means that. He is nothing more than a smart David Harum who thinks he is in a horse trade, and he is trying to convey the best possible impression to the audience before the trading really starts. In my judgment that is where we are today.

I had no intention of speaking on this matter this evening. I know everyone says that, Mr. Speaker, but in this case I mean it. I am not suggesting that I have a more exacting conscience than anyone else, but I speak in this simple way tonight after having given the matter my best thought and believing that it is my moral duty to say what I am saying, in an endeavour to preserve the idea of conciliation so that our Canadian way of life may not be subjected to jolts from which the country may suffer for a long time. Even in my time to call a man a compromiser was to insult him. Then we had the expression "the middle of the road", and we thought, "What a weakling. He will not stand by his principles, but goes down the middle of the road. He will compromise with anybody". Today to credit a man with the ability to compromise is to pay him a great compliment. That is one of the changes in the thinking of our people within the last few years. I

agree most heartily that to call a man a compromiser is indeed not a reflection upon him but definitely a compliment.

So what is our position now? I have no intention of entering upon any legal discussion, but there is a point that has been bothering me. Once we have stepped into the field we are taking over in this bill, then whether or not we like it or whether or not we know it we are undertaking to define a statute which the privy council has been busy defining ever since 1867. It is so easy to say that we are dealing only with those matters which are not within the jurisdiction of the provinces. To me that means nothing. Perhaps that is an exaggeration, but to me it is not an exact phrase, nor is it an expression which can be accurately interpreted to this House of Commons. With the complexity of our life, business and governmental, new situations are bound to arise from time to time, so you can never put that line down on a piece of paper and say this is it. Someone may say, "Well, now we have the Supreme Court of Canada to determine that line, as in times gone by we have had the privy council." That is not enough. If by our legislation we say that the line goes here, I put it to any lawyer on the opposite side of this house: on what possible ground can the Supreme Court of Canada say the line does not go here? In the matters with which we are attempting to deal, this house is and at all times will be the highest court in the land, and the supreme court might very easily find itself incapable of rectifying something after the event.

Now, why consultation? I am not going to suggest any great scheme to the house. I am not going to say we should follow the United States system, under which two-thirds of the states must ratify any amendment. I have never been greatly interested in any amendment there with the exception of one, the amendment having to do with liquor, because I am always following amendments of that kind. You cannot put down any rule and say, "This is what we should do". That is the purpose of consultation.

Let us look at the matter from its worst aspect. I am not going to advocate anything which will give any province an advantage. Let us assume that, after this conference, the worst happens. The worst can only be that we are back where we are today. Nothing can put us back of that position. Whatever has been achieved up until now is finished business. If the conference is a complete failure, we do not lose anything but merely start from the position in which we are now. I make this statement: Anyone who says that we cannot gain something in the way of unity or peace, is prejudging the participants in that conference in a way in which he has no right to judge them.

All of us here, certainly those of us in the legal business, have participated in arbitrations and conciliation boards. People sometimes think those boards arrive at some strange decisions. They see that two people go one way and one goes another way. They overlook the fact that in Canada many of these compromise decisions between two great factors in our industrial life are unanimous decisions. I believe the Minister of Labour (Mr. Mitchell) will agree with that. Even if two people go one way and one another, we have achieved something, because that is democracy functioning in a proper manner. Broadly speaking, the majority is entitled to rule.

I am not suggesting to a great—I have used the word "great" again and this time very respectfully—constitutional lawyer such as the Prime Minister that it is as simple as I have suggested. Even I, one of the police court variety of lawyers, know that you just cannot go to the ten provinces and say, "Vote, and we will abide by the decision of the majority." Many more considerations enter into the problem. If a meeting with the provinces is held, the worst that can happen is a disagreement. I still have enough faith in humanity and in the people who will be gathered together to believe that, although they may not complete the plan, they are bound to make some progress. At the very worst, Mr. Speaker, they will find their points of disagreement and put a circle around them, so we will all know what the position is.

Coming back to the problem we have to solve—I am not speaking of rules or words or motions or amendments to the amendment which to me, sir, are the trivia in this whole matter—I am asking what we have to lose by consultation. Eighty-two years have gone, and if it happens to be eighty-two years and six months it will not hurt anybody. By the time you and I, sir, have achieved that age we will wonder why everyone wasted so much time talking about it. I believe there is something to be gained by such a conference. I ask the Prime Minister; if there is something to be gained, why go headlong into this business now when it is bound to make the situation worse? Some provinces will be able to say, "You did not consult us; you bulled your way through because you had the strength." I realize, sir, that is not parliamentary language, but I do think it expresses what will be in the minds of many people who are very keen about the matter of provincial rights.

Provincial rights, sir, were arranged at Quebec and Charlottetown. They came into

our act in 1867. The ordinary man in the street is not bothered much in his business by provincial rights and says, "Why should I be interested in that?" The point I make is this: what was done at that time made a federation. What we do now may improve federation. A failure to have that conference now may not destroy, but may injure the federation in this dominion of Canada which we all love so much.

Mr. Donald M. Fleming (Eglinton): The house, I take it, is about to make its decision, and my remarks will have that fact in mind. I have no extended remarks to make at this period of the debate.

The debate has been characterized thus far, I think, by much learning, the product of much research in matters legal, constitutional and historical. I shall confine what I have to say at this stage of the debate to certain matters, and my remarks will not be characterized by the approach of a lawyer. In common with my colleague, the member for Calgary West (Mr. Smith), I am trying to think of this problem, not as a lawyer, but as a Canadian who wishes to see, above all else, harmony and unity prevail in Canada.

We have achieved complete unanimity in this debate, sir, in our desire to obtain within Canada the right to amend the constitution in whatever respect may be approved by the Canadian people. As the debate has proceeded, however, it seems to me that the different approaches to the question of the means and method have assumed a depth of cleavage which may be more apparent than real and which is, I think, to be deprecated. It is for that reason that in these few closing remarks I hope, if it lies within me, I may be able to make a conciliatory and reasonable contribution.

In the first place, there is an issue as to Canadian harmony presented by this address. We know quite well, sir, in view of the stated positions of the ten provincial premiers, that at least five of them have openly expressed disapproval of the government's proposed method of meeting the problem of finding a formula for the amendment of the constitution. What they are asking is very simple. They are asking that they be consulted. At the moment, it amounts to that. In the face of that reasonable position on the part of the provincial premiers, surely to press forward now and ignore that request is to invite disharmony and, perhaps, a major showdown in relations between the dominion and the provinces. It seems to me, Mr. Speaker, that ought to be avoided at any reasonable cost, especially when it appears that that could be accomplished so easily.

Why draw ourselves up now representing the federal authority in a sort of battle array? That is not going to achieve the desired formula for amending the constitution. If a conference is held, the people of Canada will have a full opportunity of judging as to the reasonableness of the position taken by those who participate in that conference representing the dominion and the provinces. The people will be the judges and this parliament, I submit, will be in an infinitely better position after such a conference to proceed with its part in this enterprise of achieving within Canada the right to amend our own constitution.

The Prime Minister talks about achieving complete autonomy in respect of our relations with Great Britain. Surely these provinces have a right to express in a conference their concern, which honestly and sincerely exists, as to whether the result may not be an interference with their provincial autonomy within the spheres confided to them by the constitution. Why needlessly create national strife within the Canadian family? Surely the Canadian method is a better one than that. Surely the Canadian method is to sit down together as fellow Canadians and to talk over this issue which is of joint concern. That, sir, it seems to me is the issue in regard to national harmony.

The second issue is as to statements made by the Prime Minister preceding the general election. I am not going to labour this point because it has been referred to already. I simply take the statement of the Prime Minister (Mr. St. Laurent) made on the radio on May 19, when he said:

> It is our intention, after the election, to consult the provincial governments with a view to working out a method, which will be satisfactory to all Canadians, of amending the constitution in Canada.

The Prime Minister, in the course of one interjection in this debate, has suggested that he had something additional in mind in making that statement, and that he was making an exception as to matters that he says are federal. But the fact of the matter is that he did not mention that reservation. He has referred to his mandate. Part of the mandate he has received certainly was based upon an acceptance, by at least certain portions of the electorate, of his statement that I have just quoted. I am quite sure that we who respect the Prime Minister are justified in urging upon him that he should not leave an undertaking of that kind unfulfilled; because certainly, Mr. Speaker, if words mean anything, those words mean that the provinces were to be consulted before the government addressed itself, after the election, to this question of amendment of the constitution. If there was

a reservation in the mind of the Prime Minister, he did not state it; and the people of Canada, acting upon the statement that he did make, gave him a mandate in accordance with his statement, not in accordance with any reservations that were in his mind with respect to those matters that he calls federal matters.

The third issue, Mr. Speaker, is this. We who unanimously adopt the view that Canada should have within her own borders the right to amend her constitution must not be guilty of defeating that purpose; and I maintain that the procedure that the government is inviting the house to follow will defeat our purpose. Surely the purpose cannot be simply to segregate certain matters that the Prime Minister refers to as federal matters and say, if we do not go any further, at least that will be something worth while, when the very method that is being followed is one that is going to prejudice, if not doom, any attempt to bring about a comprehensive method of amending the whole constitution. It just means that, if there is not agreement at that dominion-provincial conference that is to follow this session, we shall still have to go to Westminster to obtain amendments with respect to a large area of our constitution.

If there is anything in the Prime Minister's argument—and I do not think there is anything in it—that the fact that it is necessary to go to Westminster is a relic of colonial days or days of our dependency, then what is being done here is to continue that very state of dependency. Surely the sensible objective here, Mr. Speaker, must be a comprehensive formula that will embrace all parts of the constitution; and nothing should be done at this date in seeking some lesser objective—and I am afraid in this respect in a shortsighted way—to prejudice our hope of fulfilling that larger national objective.

In this debate an answer has not yet been given from the government benches to the question why, when our constitution is an entity, an attempt should be made now to break it up or to divide it. We are not making any contribution in this measure to a definition of matters federal. A conference with the provinces would have some hope of bringing about a better definition in that field which in times past has been a field of conflict.

I wish to say one word about the amendments that are before the house. I am not going to spend much time on the position taken by the C.C.F. because we know that their policy all along has been in favour of centralization of more power here in Ottawa. But I point out here that the fact that the C.C.F. can introduce an amendment to the Prime Minister's resolution and that, after further study, the Prime Minister can find it possible to accept the principle of the amendment, and then in his amendment to the amendment, propose to make some further changes, indicates quite clearly that this subject has not been considered as carefully as it ought to have been considered. There has been too much haste. We shall not achieve that completely adequate consideration in our approach to this important problem unless we do the obvious and reasonable thing, namely, allow this subject a place on the agenda that is to be laid before the dominion-provincial conference.

There is no safeguard in either the amendment of the C.C.F. or the Prime Minister's amendment to the amendment, because they simply leave the position as it is at the present time, on the Prime Minister's own argument, namely that at least in matters outside section 92 of the British North America Act, or those matters that relate peculiarly to the constitution of the provinces, it will continue to rest within the power of parliament—which means simply a majority of the two houses; a majority of one in this house and a majority of one in the other place—to bring about amendments at Westminster. It does not matter that you put up a two-thirds rule in this amendment, as the Prime Minister's amendment to the amendment proposes, because it will still rest, on his argument, within the power of parliament or of a simple majority thereof to ask Westminster to bring about another amendment to the constitution that can overnight wipe out the two-thirds rule that he is speaking of. The Prime Minister says that you have to leave it to the sense of responsibility of parliament not to do that. I cannot quite follow the Prime Minister in his reasoning. He is not prepared to leave there this question as to whether the life of parliament ought to be extended in view of a national emergency. He is not prepared to leave that simply to the good sense of the majority of the house. He wants to create a two-thirds rule there. At the same time he says that good sense will prevent the majority from going some other way. I cannot square these two positions that the Prime Minister takes. It seems to me that they are directly contradictory.

Sir, for the same reason, what is being done here in excepting from the scope of the proposed address matters pertaining to the rights of minorities and provincial rights with reference to education does not safeguard those rights. We need to put those rights on a solid basis of constitutional guarantee. On the Prime Minister's own argument, sir, we are simply leaving these rights

exposed to action on the part of the majority of the two houses of parliament. According to the Prime Minister's argument all Parliament has to do is to pass another address asking for a further amendment to the constitution at Westminster and it will be enacted there, because, he says, these matters such as section 133 assuring language rights are matters that lie within the competence of parliament to pass an address upon, on which Westminster without further question, without any consultation with the provinces, will amend the constitution in the form asked for by this parliament. Has not the time come when consultation should be had with the provinces seeking a comprehensive method of amending the constitution and placing those sacred rights, without which there never would have been confederation, beyond the power or beyond the reach of arbitrary action on the part of a majority in this house and a majority in the other place? The time has come, sir, when these rights should be given a further guarantee and consolidated in our constitutional fabric. In my submission, the argument of the Prime Minister has itself necessitated some further guarantee of those rights. It is not proper to leave them in the position in which the attitude taken by the government now leaves them.

Sir, can this problem not be approached on the part of all who bear governmental responsibility in Canada in the spirit of confederation, the spirit of the fathers of confederation, the spirit of give and take, of sitting down together, and freely exchanging views in the manner which characterized their deliberations? In those days had there been an attempt on one side to ride the high horse, to take the proud attitude, we would never have had confederation. Surely the great and imperative need of this time is for a renewal of the spirit of confederation. I say, Mr. Speaker, this is not the time to let our attention be diverted from questions of high import to the whole well-being of the Canadian economy by an attempt on the part of any to pursue local feuds with a particular province. Surely the subject before us is one of far too great importance to Canada.

I turn now, sir, to say just a few words in conclusion. I said I would try to be conciliatory and approach this question in a spirit of reasonableness. It is in that spirit that I do impose on the generous consideration of the house while I make these closing remarks.

(Translation):

Mr. Speaker, I urge this house to consider the consequences which the passing of this resolution would involve. Every member who has spoken in this debate has stated that he advocates the right of Canada to amend the British North America Act, without having to go to Westminster for that purpose.

The Prime Minister (Mr. St. Laurent) proposes that we should ask the Westminster parliament to amend the constitution by conferring on the Canadian parliament the right to amend Canada's constitution as regards matters to which he refers as federal matters without consultation with the provinces. He also contends that, after the passing of this amendment, the Canadian parliament will be able to amend the constitution as regards those same subjects without consulting the provinces. He adds that the provinces have no power with regard to those matters which he holds to be federal matters.

He maintains that it is possible, by this resolution, to divide constitutional subjects into matters that come under the jurisdiction of parliament and matters that are exclusively within the scope of the provincial legislatures.

The Progressive Conservative party claims that the government should first consult the provinces, that the British North America Act is not an ordinary statute which can be lightly amended, but legislation which it is not desirable should be amended by a simple majority of both houses—that is to say a majority of one in this house and a majority of one in the Senate—without prior consultation with the provinces.

The Prime Minister has announced his intention of conferring with the provinces in the near future. He has invited the provincial premiers to discuss with representatives of his government means of amending the constitution with regard to matters pertaining to both parliament and the provincial legislatures.

Yet, he refuses to consult the provinces with respect to this resolution before having it sanctioned by the Canadian parliament and before submitting it to Westminster.

As a Canadian, Mr. Speaker, I submit we, in Canada, must above all else seek harmony, understanding and agreement. We must strive to protect the rights of minorities and the rights we believe were guaranteed by the constitution. We must protect those minority rights today, and seek harmony, understanding and agreement. We must approach those subjects in a spirit of conciliation. I urge upon the Prime Minister to refrain from hurting the feelings of many Canadians and from thus creating disagreement and disunion in the Canadian family. Mr. Speaker, I appeal to the spirit of understanding of each and

everyone; I plead for a spirit of agreement; in short I plead, on the part of all, for the spirit of the fathers of confederation.

(Text):

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I shall take only a few minutes of the time of the house. It does seem to me that people reading today's *Hansard* may be a bit surprised at what is happening in this House of Commons on this occasion. All but one of the speeches that have been given thus far today have been opposed to the motion and the amendments that are now before the house. While the arguments of those who are opposed to what is taking place have varied, in the main the contention has been that we should not take even this first step of getting the right to amend our constitution in respect of federal matters without consulting the provinces. I am fairly certain that if this debate concludes shortly and the votes are taken the subamendment and the amendment and the motion will all carry. I hope that those who read today's *Hansard* will not think that the arguments that have been put forward have not been considered by the rest of us. The fact of the matter is that those who are interested in this subject should read the record of the debates for the previous days in which this matter has been before us, last week in particular, and also Canadian history since 1867. It seems to me that that answers the negative argument put forward today.

The fact is, as has been said a number of times by those who favour this resolution, that out of the eleven times our constitution has been amended, eight of those amendments have dealt with matters exclusively federal and on every one of those eight occasions there was no consultation with the provinces. That was true whether it was being done by those who were close to confederation, by a parliament that included some of the fathers of confederation themselves, or whether it was done by parliaments made up of various parties down through the years.

In view of that established precedent I submit that if we were now to reverse it we would be bedevilling constitutional matters in this country for a long time to come. It has taken long enough to get to the point where we can discuss ways and means of amending our own constitution here in Canada, but if when we are seeking the power to amend our constitution with respect to federal matters we should do what has never been done before, go to the provinces to get that right, they would insist on telling us how to use that right every time we wanted to use it.

[Mr. Fleming.]

Despite all the pleas that have been made in terms of unity and harmony, despite all the plausible arguments that have been put forward, it seems to me that it is the responsibility of this parliament to pursue the course that has been proposed by the measure now before us. Offensive though it may be to my hon. friends of the Progressive Conservative party, I cannot help but feel that the pleas that have been made that we should go back to the provinces are designed to have the effect of creating disunity in this country at a time when what we want is unity with respect to this whole matter. For my part I deplore the sort of thing that has been going on.

Mr. Fraser: The hon. member is entirely wrong on that.

Mr. Knowles: The appearances are very clear. The hon. member for Eglinton (Mr. Fleming), like others who have spoken in this debate, threw the word "centralizers" at us in this group as though he thought it might hurt us. The fact of the matter is that it is those people who want to keep things on a completely provincial basis, it is those people who want ten separate labour codes instead of a national labour code, it is those people who want the kind of constitution that keeps taxation decentralized, it is those people who want a constitution which keeps us from having over-all national social security—those are the people who have made it possible for the big interests to centralize power in the centre of this country and exploit the Canadian people both in the have and in the have-not provinces.

If we are ever going to raise the living standard of our people, if we are ever going to have a country in which our people are Canadians from coast to coast, enjoying the rights and privileges that our people should enjoy, we shall have to get over this provincialism. We shall have to begin to think in broad Canadian terms, such as men like Mr. Cahan and Mr. Meighen—I quote them in particular because they are the high priests of my friends to my right—have tried to proclaim in this house and in the country in times past. I cannot deplore too strongly these speeches that have been made that have the appearance of creating unity but which in effect produce disunity. It seems to me that it is time we acted like grown-ups, like Canadians, and pursued the course that is proposed in the motion and in the amendments before the house at the present time.

Amendment to the amendment (Mr. Garson) agreed to.

Mr. Speaker: The question now is on the amendment as amended.

Mr. Solon E. Low (Peace River): Mr. Speaker before the question is put I should like to make a short statement which will take only a minute or two. We are faced at this point with the necessity of making a difficult decision. In the first place we find ourselves opposed to the resolution moved by the Prime Minister (Mr. St. Laurent) because we feel it is objectionable. At the same time the amendment as amended contains some desirable things. We are in favour of what is contained in the C.C.F. amendment as amended. We feel that it makes less objectionable something which we have felt to be objectionable.

Under the circumstances we feel that we should support the amendment, but on the understanding that our vote is for what is contained in the amendment, namely, entrenchment in our constitution of the things which ought to be entrenched. Our only criticism is that it does not go far enough; it does not go so far as to entrench other things like provincial rights that ought to be entrenched.

Under the circumstances, while we are going to vote for the amendment as amended we want it understood that in no way should that be interpreted to mean that we are supporting in any way the resolution as it will be amended by the amendment. There is just one other thing by way of explanation. The vote we give now will have to be interpreted as being confined to this one thing. While we would like to see the resolution defeated, we are practically certain that faced with the preponderance of Liberal support it will pass. That being the case, being practically certain that it will pass this house, our thought is that we might be able to make one stroke that will render it a little less objectionable.

The house divided on the amendment (Mr. Knowles) as amended, which was agreed to on the following division:

YEAS

Messrs:

Anderson
Argue
Ashbourne
Bater
Beaudoin
Belzile
Bennett
Bertrand
Beyerstein
Blackmore
Blue
Boisvert
Bonnier
Boucher
Bourget
Bradley
Brisson
Brown (Essex West)
Bruneau
Cannon
Carter
Cavers
Chevrier
Claxton
Cleaver
Cloutier
Coldwell
Corry
Coté (Verdun-LaSalle)
Croll
Cruickshank
Dechene
Decore
Denis
Dewar
Dickey
Dumas
Elderkin
Eudes
Fair
Ferrie
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Fulford
Garland
Garson
Gauthier (Lake St. John)
Gauthier (Lapointe)
Gauthier (Portneuf)
George
Gibson (Hamilton West)
Gibson (Comox-Alberni)
Gillis
Gingras
Gingues
Goode
Gosselin
Gour (Russell)
Gregg
Harris (Grey-Bruce)
Harrison
Healy
Hellyer
Henry
Herridge
Hetland
Hosking
Howe
Huffman
Hunter
Isnor
Jeffery
Johnston
Jones
Kent
Kickham
Kirk (Antigonish-Guysborough)
Kirk (Digby-Yarmouth)
Knight
Knowles
Laing
Langlois (Berthier-Maskinongé)
Langlois (Gaspé)
Lapalme
Lapointe
Larson
Leger
Lesage
Little
Low
Macdonald (Edmonton East)
MacKenzie
MacLean (Cape Breton North and Victoria)
MacNaught
Macnaughton
McCann
McCubbin
McCulloch
McCusker
McIlraith
McIvor
McWilliam
Major
Maltais
Martin
Mayhew
Murray (Oxford)
Mutch
Nixon
Noseworthy
Picard
Pinard
Pouliot
Power
Proudfoot
Prudham
Quelch
Ratelle
Richard (St. Maurice-Lafleche)
Richard (Ottawa East)
Riley
Rinfret
Roberge
Robinson
Rochefort
St. Laurent
Shaw
Simmons
Sinclair
Smith (Queens-Shelburne)
Stewart (Winnipeg North)
Stick
Stuart (Charlotte)
Thatcher
Thomas
Tremblay
Valois
Viau
Ward
Warren
Weaver
Weir
Welbourn
Whitman
Winkler
Wood
Wylie—147.

NAYS

Messrs:

Adamson
Balcer
Black (Cumberland)
Blair
Brooks
Browne (St. John's West)
Casselman
Catherwood
Church
Drew
Fleming
Fraser
Graydon
Green
Harkness
Higgins
Hodgson
Lennard
McGregor
McLure
Murphy
Pearkes
Rowe
Smith (Calgary West)
Tustin
White (Hastings-Peterborough)
White (Middlesex East)
—27.

Mr. Mitchell: I was paired with the hon. member for Waterloo South (Mr. Homuth). Had I voted, I would have voted, in the light

of the observations of my hon. friends, with those whom history will regard as the sensible people here.

Mr. Speaker: The question is now on the original motion as amended.

Mr. Donald M. Fleming (Eglinton): I move the following amendment, seconded by the hon. member for Three Rivers:

That the said proposed resolution be amended by striking out all the words after the first word "that" and substituting therefor:

"This house is of the opinion:

1. That an humble address should be presented to His Majesty the King praying that His Majesty may graciously be pleased to cause a measure to be laid before the parliament of the United Kingdom providing for an amendment to the British North America Act, 1867, relating to the amendment of the constitution of Canada by the parliament of Canada.

2. That as a condition precedent to the presentation of such address the scope and form of the amendment prayed for should be made the subject matter of a conference of the dominion and provincial governments and the subsequent approval of the parliament of Canada."

The house divided on the amendment (Mr. Fleming), which was negatived on the following division:

YEAS

Messrs:

Adamson
Balcer
Beyerstein
Black (Cumberland)
Blackmore
Blair
Brooks
Browne (St. John's West)
Casselman
Catherwood
Church
Drew
Fair
Fleming
Fraser
Gagnon
Graydon
Green
Harkness
Higgins
Hodgson
Johnston
Lennard
Low
McGregor
McLure
Murphy
Pearkes
Poulin
Quelch
Rowe
Shaw
Smith (Calgary West)
Thomas
Tustin
White (Hastings-Peterborough)
White (Middlesex East)
Wylie—38.

NAYS

Messrs:

Anderson
Argue
Ashbourne
Bater
Beaudoin
Belzile
Bennett
Bertrand
Blue
Boisvert
Bonnier
Boucher
Bourget
Bradley
Brisson
Brown (Essex West)
Bruneau
Cannon
Carter
Cavers
Chevrier
Claxton
Cleaver
Cloutier
Coldwell
Corry
Coté (Verdun-LaSalle)
Croll
Cruickshank
Dechene
Decore
Denis
Dewar
Dickey
Dumas
Elderkin
Eudes
Ferrie
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Fulford
Garland
Garson
Gauthier (Lake St. John)
Gauthier (Lapointe)
Gauthier (Portneuf)
George
Gibson (Hamilton West)
Gibson (Comox-Alberni)
Gillis
Gingras
Gingues
Goode
Gosselin
Gour (Russell)
Gregg
Harris (Grey-Bruce)
Harrison
Healy
Hellyer
Henry
Herridge
Hetland
Hosking
Howe
Huffman
Hunter
Isnor
Jeffery
Jones
Kent
Kickham
Kirk (Antigonish-Guysborough)
Kirk (Digby-Yarmouth)
Knight
Knowles
Laing
Langlois (Berthier-Maskinongé)
Langlois (Gaspé)
Lapalme
Lapointe
Larson
Leger
Lesage
Little
Macdonald (Edmonton East)
MacDougall
MacKenzie
MacLean (Cape Breton North and Victoria)
MacNaught
Macnaughton
McCann
McCubbin
McCulloch
McCusker
McIlraith
McIvor
McWilliam
Major
Maltais
Martin
Mayhew
Murray (Oxford)
Mutch
Nixon
Noseworthy
Picard
Pinard
Proudfoot
Prudham
Ratelle
Richard (St. Maurice-Lafleche)
Richard (Ottawa East)
Riley
Rinfret
Roberge
Robinson
Rochefort
St. Laurent
Simmons
Sinclair
Smith (Queens-Shelburne)
Stewart (Winnipeg North)
Stick
Stuart (Charlotte)
Thatcher
Tremblay
Valois
Viau
Ward
Warren
Weaver
Weir
Welbourn
Whitman
Winkler
Wood—137.

During the taking of the vote:

Mr. Smith (Calgary West): On a point of order, Mr. Speaker, I am objecting to the hon. member for Renfrew North (Mr. Warren) voting, as he was not in the chamber when the question was put. I base my objection on rule 67.

Mr. Speaker: Order. The hon. member may rise on a point of order but it should be settled after the vote is taken. However, if the hon. member was not in the chamber when I read the resolution, he should not vote.

Mr. Jean François Pouliot (Temiscouata): Before the count is announced, Mr. Speaker, I rise on a point of order. Standing order 43 reads:

No member may speak twice to a question except in explanation of a material part of his speech which may have been misquoted or misunderstood, but then he is not to introduce any new matter, and no debate shall be allowed upon such explanation.

There are two other paragraphs, but that is the principal one. I draw your attention to the fact that the mover of the amendment spoke on the main motion on October 17, as recorded on page 847 of *Hansard*, and therefore his amendment should have been ruled out of order and no vote should have been taken. That is why I am not voting.

Mr. Fleming: On the point of order—

Mr. Speaker: I will take that into consideration later.

Mr. Fleming: I did not speak on the main motion; I spoke on the amendment moved by the leader of the opposition (Mr. Drew).

Mr. Ross (Souris): I was paired with the right hon. member for Melville (Mr. Gardiner). Had I voted, I would have voted for the amendment.

Mr. Mitchell: I was paired with the hon. member for Waterloo South (Mr. Homuth). Had I voted, I would have voted against the amendment, and that goes for the last amendment too because I was interrupted.

After the taking of the vote:

Mr. Speaker: I should like to refer first to the point of order raised by the hon. member for Calgary West (Mr. Smith). Citation 67 of Beauchesne's second edition reads:

> If a member was not present in the house when the question was put by the Speaker, he cannot have his vote recorded.

I am glad the hon. member for Calgary West brought this matter to my attention because I did not see the hon. member come in after the question had been put. Hon. members will realize that it is difficult for the Speaker when he is reading a resolution to see what members come into the chamber after he starts to read the resolution. But I would point out this citation to all members and ask them to note that a member should be in the house and should hear the question read from the beginning. See Canadian Commons *Hansard*, 1891, page 4457. I did not give my ruling at the time because of citation 84 of Beauchesne, second edition, which reads:

> The Speaker, when his attention has been called to a breach of order in the course of a division, has directed that the division should proceed, and has dealt with the matter when the division was completed.

May I refer now to the point of order raised by the hon. member for Temiscouata (Mr. Pouliot). If the hon. member had raised the point of order before the question had been put, I would have considered it, but as I had started to put the question I did not think I could then consider whether or not his point of order was properly raised. The hon. member for Eglinton (Mr. Fleming) has said that he did not speak on the original motion. If he did not speak on the original motion, then the point of order was not properly raised.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, before the question is put, there are several other aspects of this whole situation to which I should like to draw attention because in my judgment they require cautious and appraising attention. This afternoon I went into some detail in respect to certain of these aspects, but there are others I should like to deal with.

I should like to know, and I think the people generally in the country would like to know, why the Prime Minister (Mr. St. Laurent) delayed his letter to the provincial premiers until September 14. If the election had occurred on August 27 or even on July 27 there might have been good reason for the delay, but these letters went out on September 14, which was just about two weeks before the measure appeared in the *Votes and Proceedings* of this house. These letters were sent out during the holiday time when, as is well known, a large number of the provincial cabinet ministers would be absent. It was so late that it was impossible, except with great inconvenience, to call provincial caucuses together to discuss the matter. One would imagine that an address to the British parliament for permission to change the British North America Act was an everyday occurrence. As a matter of fact, I rather fancy, when history is written and appraised, it will be found that the proposed address is one of the most important measures ever put forward in the history of the Dominion of Canada. Possibly it will prove to be the most important, perhaps even more important than the British North America Act itself.

Under these circumstances how can one possibly justify the delay in the sending of the letter of the Prime Minister (Mr. St. Laurent) to the provinces? No answer has been given and no hint that would enable anyone to form a logical conclusion that might justify the action of the Prime Minister.

Here is another aspect of the matter. Why was the Prime Minister's letter of September 14 so absolutely full of inexplicit references and instances of faulty coherence that it would almost defy a commission of Philadelphia lawyers to state what the letter meant? I have not the time nor the opportunity tonight, and I do not believe it is in order, to analyse the letter the Prime Minister sent out, which was written in his office presumably by the best educated men in the Dominion of Canada. In that letter there are errors of coherence for which I believe any high school teacher would pluck a grade 12 student if he wrote an essay in that fashion on any grade 12 examination in Canada. I

am prepared to take the letter and proceed with a complete analysis of it to show the truth of what I say, if that is desired. To say that the Prime Minister is not well enough trained in English to write a better letter is simply ridiculous. We are left entirely to the conclusion that he must have prepared the letter, full of inexplicit references and instances of faulty coherence as it is, and therefore with a lack of clarity of meaning, by design. If he did it by design then I must say that the matter is serious enough to occupy the house and the country for some days yet.

There is a third consideration. Why was the measure introduced as an address rather than as a resolution? Hon. members of the house who have been here before know quite well that any measure can be introduced as a resolution. If it is so introduced, hon. members have a chance to ask all manner of questions concerning the purpose of the resolution, the meaning of it and so forth, in committee, but inasmuch as the measure was introduced as an address we have not that opportunity and consequently cannot inform ourselves as people in the high court of parliament should inform themselves before forming a conclusion on a matter of such tremendous portent.

Again, why is the measure brought in now rather than in 1950? Various speakers in the opposition have raised that question time and again, but the Prime Minister has never condescended to attempt to give an answer. It is astonishing that we could not wait until 1950 to introduce the measure. It is a matter that requires careful study. I would say that any justice of the peace or small-town lawyer would take the first opportunity to raise that question. Surely hon. members of the house would be held responsible if they did not raise it. I contend there is no conceivably adequate reason for the speed and the promptness with which the measure has been introduced in the house.

Another consideration is that the requested amendment of the British North America Act presented to the house is not an amendment that even remotely resembles any other amendment ever asked for in Canadian history. All through the debate, Liberal and C.C.F. members have made much of the fact that other amendments have been sought in times past, and some eight of them, if I recall correctly, have been asked for without consulting the premiers of the provinces. All those eight put together are not one-tenth as important as this measure.

I said this afternoon that the measure is not an amendment but is a revolution. The measure proposes to destroy the British North America Act, according to any common-sense interpretation of the situation. That is a matter that needs to be studied carefully. There is no precedent in Canadian history nor in the history of this parliament for the submission to the British government of such an amendment.

There is another consideration. The federal government has never seriously attempted to employ its power over currency, credit and banking to improve economic conditions in Canada. Such power was specifically given to it by section 91. It has only been used once in a while in Canadian history, and never consistently. It was turned over to the banking concerns and allowed to go at that. That is just neglect of the wonderful power that was given to the federal government under section 91 of the British North America Act. If the federal government had endeavoured to use the credit of Canada as it should have used it through wisely employing its ability to use currency and banking, then I contend that there never would have been any need for the federal government to try to invade the provincial taxation fields of personal income tax, corporation taxes and succession duties.

The whole C.C.F. position, the whole Liberal position, and probably the Conservative position—I hope not but I am afraid so—in respect to these three invasions of provincial rights of taxation has been that it is impossible for the dominion government to get the money otherwise with which to carry out the social service program that the dominion government deems advisable at the present time. Invasions of taxation fields would not be necessary if the dominion government were disposed to use the credit of Canada, because if the dominion government would use the credit of Canada it could easily make what is physically possible financially possible for all Canadians. The extent of the benefits which could be derived from that course of procedure would require hours and hours of discussion to elaborate and clarify. Consequently I shall only mention it in passing. Suffice it to say that during all the long history of Canada the federal government has consistently neglected this most valuable of all the powers given to it under section 91 of the British North America Act.

As I said a moment ago, all the social security measures proposed by the dominion government could be provided without additional taxation, debt or regimentation by the wise use of Canada's credit. All the disabilities now suffered by the provinces with regard to freight rates, tariffs, financial policy, and industrialization could be ameliorated and ultimately removed. All the hardships

occasioned Canadians by reason of the tremendous debts which we have accumulated could probably be abolished in forty years by the wise use of Canada's credit without even noticeably affecting Canadians at all.

I contend, Mr. Speaker, that hon. members of the house require much more time for discussion, obtaining information, and study of this measure and its implications than we have had up to the present. So also do the provincial cabinets and legislatures, and so do the people of Canada. In order to provide the time and opportunities requisite for adequate study, I believe this measure should be considered in committee of the whole. I therefore move, seconded by the hon. member for Peace River (Mr. Low):

That the Speaker do now leave the chair for the house to resolve itself into committee of the whole to consider this resolution.

The Acting Speaker (Mr. Beaudoin): If no one else desires to speak to this motion, I must say that I have my doubts as to whether it is in order. It seems to me this is a self-contained motion, completely different from the motion now before the house; and I believe such an amendment cannot be moved. Certainly I should like to hear arguments both for and against the motion before giving a ruling.

Mr. Blackmore: Mr. Speaker, I have it on the advice of one of the greatest authorities on the subject in Canada that this motion is entirely in order.

The Acting Speaker (Mr. Beaudoin): Is the house ready for the question?

Mr. Church: I have an amendment to move.

Mr. Speaker: The hon. member for Lethbridge (Mr. Blackmore), seconded by the hon. member for Peace River (Mr. Low), has moved in amendment that the Speaker do now leave the chair for the house to resolve itself into committee of the whole to consider this resolution. There is no provision in the rules for the house to resolve itself into committee of the whole on a resolution of this type. I refer hon. members to standing order 48 and to citation 394, Beauchesne, second edition. In my opinion this is not an amendment: see Beauchesne, third edition, citation 375. Therefore the proposed amendment is out of order, and I so rule. The question now is on the main motion.

Mr. Church: I move, seconded by the hon. member for Victoria, Ont. (Mr. Hodgson):

That the resolution be not adopted.

I think that is quite in order. There are precedents for it, and I propose to speak to it.

Mr. Speaker: This proposed amendment is a direct negative of the motion, and a vote against the resolution as amended would have the same result. See Beauchesne, third edition, citation 341. I must therefore rule this motion out of order also. The question is on the original resolution as amended.

Mr. St. Laurent: Mr. Speaker—

Mr. Speaker: I must inform the house that if the Prime Minister speaks now he will close the debate.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I think you and all hon. members will agree that the debate on this resolution has been generally on a pretty high plane and carried on in a dignified manner, as is befitting in a matter of this importance, in spite of the fact that some rather extraordinary speeches have been made today.

There are a few points about which I would like to make the position of the members of our party somewhat clearer.

This resolution has to do with the age-old question of what is the nature of our constitution and what are the rights of the federal authority and of the provincial governments. In that respect there have been, and still are, three theories, each of which has the support of a certain number of members of this house and of Canadians throughout the country. One is that the provinces must agree to all amendments, that this constitution is to be regarded as a contract, no word or comma of which may be changed without the consent of the contracting parties; and it is said in a rather loose way that the contracting parties are the provinces. The amendment moved by the official opposition makes it quite clear that when they say "the provinces" they mean the provincial governments; and that has been the implication of most of the speeches by those opposing the resolution. They have spoken of "the provinces" and in their minds the provinces mean the ten provincial premiers. According to that theory, nothing can be done without consulting these ten premiers.

As to what is meant by consulting them, that too is rather indefinite. When an attempt was made during the last session of the previous parliament to determine whether by consulting the provinces was meant securing their agreement, or in other words to reach the situation where any one of them exercised a veto, that proposition was voted down even by the most enthusiastic proponents of the theory that there should be consultation. However, in spite of the negative vote given at that time, it would seem that several of those who participated in that vote would

still like the impression to be conveyed to many that they do mean securing the agreement of the provincial premiers.

The other theory is that parliament is entitled to ask for any kind of amendment without reference in any way whatsoever to the provincial authorities. As a matter of fact that is possibly the technically legal position, but that is not and has never been the position of the party of which I have the honour to be leader at the present time. The position of our party is, and always has been, that at confederation the sovereign powers of the Canadian nation were allocated, part of them to the central parliament and part to the provincial legislatures, with anything unprovided for in that specific allocation left within the general powers of the central parliament; and it has been the view consistently held by the Liberal party that provincial powers should be respected. The corollary of this respect for all the portions of the national sovereignty allocated to the provinces is—our party has contended—that the powers allocated to the central authority can be exercised by that central authority through the members elected by the people to represent them in the central parliament, without any control by the provinces or, I should say, by the premiers of the provincial governments. For a long time, that was the traditional view of the official opposition.

In that respect, I should like to put on record a letter which in its day was confidential but which today forms part of the history of this country and is published with the correspondence of Sir John A. Macdonald. The hon. member for Calgary West (Mr. Smith) said that the word "great" had been used quite loosely. There are still many of us, even on this side of the house, who do not feel it is used any too loosely when applied to Sir John A. Macdonald.

On the 14th of May, 1886, he wrote to Lieutenant Governor Richey of Nova Scotia the following letter:

Ottawa, 14th May, 1886

My dear Richey:

I see your ministers are going to dissolve.

The permission to grant or refuse a dissolution rests with you, as well as to fix the time for holding the elections. As important issues are, it is said, to go before the people, you should, I think, insist that they should not be taken by surprise and that ample time should be given them for consideration.

Your legislature's legal term of existence expires, I take it, on the return day of the writs of election, and no election need be held until after that day.

Should your ministers found their advice for an early dissolution, on the ground that they desire an immediate expression of the will of the people as to their remaining in the confederation—you will, I have no doubt, feel it your duty as a dominion officer, to decline to allow that subject to enter into consideration at all. The representatives of Nova Scotia as to all questions respecting the relations between the dominion and the provinces sit in the dominion parliament and are the constitutional exponents of the wishes of the people with regard to such relations. The provincial members have their powers restricted to the subjects mentioned in the B.N.A. Act and can go no further. I write you confidentially, but if necessary you will be supported by the whole weight of the dominion government.

Yours sincerely,

John A. Macdonald

I am going to repeat that.

The provincial members—

And that would include the members of the provincial governments.

—have their powers restricted to the subjects mentioned in the B.N.A. Act and can go no further.

When we talk about the provinces in that general way, one would think that we did not mean the group of people inhabiting a certain determined territory but who are, nevertheless, Canadian citizens and are, as such, represented in the Canadian parliament. Those people have as their spokesmen, with respect to those portions of Canadian sovereignty assigned to the central authority, the members they elect to represent them and to speak for them in this house. When we hear the assertion that a letter written by a provincial premier represents the views of four million or more Canadian citizens—well, we are entitled to ask the fifty-seven Liberal members who are here from the province of Ontario if they have anything to say about it.

Forty-five years later, the attitude of those who are now the official opposition, through their spokesmen, was not so much different from that expressed by Sir John A. Macdonald in this letter to the Lieutenant Governor of Nova Scotia. I quote the remarks of Mr. Guthrie, the Minister of Justice in the government headed by the late Viscount Bennett. Speaking in this house on the resolution moved by Mr. Woodsworth, as reported at page 1473 of 1931 *Hansard*, Mr. Guthrie said:

However, I agree that the time has come when we should seriously consider this whole question of amendments to the Canadian constitution.

On the next page, 1474, he said:

My contention has always been that in all matters appertaining to the legislative jurisdiction of the parliament of Canada the parliament of Canada has the right, and should have the right expressed, to make such amendments to the constitution as it shall see fit.

That was in 1931. It was a reassertion in which all the members of the Conservative party who were in the house at that time—there were more of them then than there are now—acquiesced. That is what we are proposing to do by this resolution; that and no more. We are proposing to have it expressed

that parliament has the right to make such amendments to the constitution in all matters pertaining to the legislative jurisdiction of the parliament of Canada as it shall see fit.

Now, that being the extent to which we propose to go now, I am met with the charge that I am breaking two pledges, one made in this house I think in February of this year, and the second in a speech made over the radio from Moncton on May 19, 1949. Let us deal with them in chronological order. The pledge was supposed to be contained in the words cited by the leader of the opposition as set out in *Hansard* at page 962, and are as follows:

> The procedure which I believe would be required to deal with a question of the kind would be similar to that which was followed at that time, some twelve or fourteen years ago.

What I said in May has again been cited.

> The record of Canadians in two world wars demonstrated beyond any question our ability and our capacity to bear the responsibilities of full nationhood. But our adult nationhood is not yet fully recognized in our constitution and our laws... A method should be worked out to amend our constitution in Canada.
>
> That won't be easy. We do not want the Canadian constitution to be too rigid, but we do want to make sure it contains the fullest safeguards of provincial rights, of the use of the two official languages, and of those other historic rights which are the sacred trusts of our national partnership.
>
> It is our intention, after the election, to consult the provincial governments with a view to working out a method, which will be satisfactory to all Canadians, of amending the constitution in Canada.

The effort is made to interpret that language as a statement that we were abandoning the traditional policy of the Liberal party of dealing, without reference to the provinces, with those matters which by the constitution have been allocated to the central parliament. I never would have given such an undertaking because I feel some responsibility with respect to the future of this country, and I feel that it would be a grave error, at any time, to subject the exercise of the powers given by the constitution to the central authority, represented by the elected representatives of the ten Canadian provinces now, to the control of gentlemen selected to administer those portions of the Canadian sovereignty that have been allocated to the provincial legislatures.

In February of 1949, in this pledge supposed to have been given to the House of Commons, I said the procedure we would follow would be similar to the procedure that had been followed at the time of the 1935 or 1936 dominion-provincial conference. All hon. members know that the recommendation made at that time with respect to amendments with regard to purely federal matters was that they were to be made by simple act of this parliament, and that it was only with respect to matters that were not within the exclusive jurisdiction of this parliament that there was to be another procedure.

Some hon. members have said: But you did not make any restriction. You said you proposed to call a conference of the provinces. We do propose to call a conference of the provinces. The letter read by the hon. member for Lethbridge (Mr. Blackmore) and which, in his view, is so incoherent, is a declaration to the premiers of the provinces that we wish to have a conference with them to deal with those matters which are the ones usually referred to when we speak of substantial amendments to the constitution, namely, those which might effect the transfer of powers from one jurisdiction to the other. But there never was any statement made that there would be no other amendments to the Canadian constitution than those that may be of joint concern to dominion and provincial authorities until we had established a procedure for dealing with that portion of the knotty problem.

One hon. member said: Why go about it in this way? Why do it piecemeal? Perhaps the hon. member who put that question has some friends in the editorial office of the London *Free Press*. Here is an article from the London *Free Press* of October 19 which contains this statement:

> The government is apparently determined to go ahead with its project of transferring to Ottawa the power to amend those parts of the constitution entirely within federal jurisdiction before calling the conference to decide the method of amending the constitution regarding matters under provincial or mixed jurisdiction.

The hon. member's friend goes on to say:

> There is no doubt that this procedure is contrary to logic.

With that statement I do not agree. But he goes on to say:

> But it has the advantage of reaching some definite conclusion within a predictable period. With Premier Duplessis clinging stubbornly to the compact theory of confederation, which insists that no jot or tittle of the B.N.A. Act can be changed without the consent of all the provinces, prospects for agreement at any conference are not particularly roseate.

That is why, after eighty-two years of efforts, I ventured to say there might be some Canadians who would prefer to get half a loaf at this time rather than to risk getting nothing at all.

For that I am taken to task by another great newspaper, the Montreal *Gazette*, which insists that the constitution is being torn into shreds, that it is being torn right down the middle, and that ultimately, when it is hung on the wall, it is going to hang in a crooked

fashion because we are grabbing a half loaf before our guests come to the table at which we are inviting them to meet us.

I am not greatly impressed. I have been here now for some time, and I remember many occasions when there have been the loudest of assertions in this house that the aim of the government was good, that what we were proposing to do was all right, but that we were going about it in the wrong fashion. Those who were here in 1946 will remember that everyone just deplored the inequities that had been brought about under the British North America Act with regard to representation of portions of the Canadian public in this House of Commons. Everyone wanted to see that unfair situation remedied. Everyone was convinced that it was conducive to national unity to remove an injustice of that kind. But, it was said, you must not do it until you talk to the premiers; it is all right, as a matter of fact, but you are going about it in the wrong way. Well, we went about it, and it was done; and the representation of the Canadian public in this House of Commons is on a basis fair and equitable to every part of the country.

During the last session when it was suggested that we have this parliament approve the union of Newfoundland with Canada, it was said that that was a grand thing, something that everyone had been in favour of ever since the first days of confederation; it was something that was going to be a grand thing if only it could be done, but you must not do it in that way; that was the wrong way. Again it was said that the right way was to go and talk to the provinces represented by the premiers of the then nine provinces and, if you get their blessing, so much the better; but your chances of getting it did not seem to be good, and you should not endanger national harmony by disregarding the views of those dear provincial premiers who should exercise their control over the manner in which we exercise the powers allocated to this parliament by the constitution. Well, we went ahead; and I am glad to see even members of the opposition from the tenth province of Canada sitting in this House of Commons in this parliament.

Almost immediately after that there was in the house another general expression of opinion by the opposition that since the provincial governments and provincial legislatures did not see fit to take over rent control, it was a good thing to maintain rent control for a further period in the country, but that we were going about it in the wrong way. It was a splendid thing to retain control over steel and over one or two other things but we should not have all that in the same bill. That was the wrong way to do it. It was said we wanted the thing done but we did not want it done in the way the government was proposing. Well, it was done in the way we were proposing, and an opportunity was given for the Canadian public to say whether we had been proceeding in the right way to do the right things. When I am told again on this occasion that what we are doing is the right thing, but we are doing it in the wrong way, I rather feel that there is a majority of the Canadian people who would like to see it done now, and that is the way we are proposing to do it, and I think that is the way the Canadian people will be glad to see it done.

I wish to state once again that the whole situation is and what we are proposing to do and what we are not proposing to do at the present time. The hon. member for Calgary West (Mr. Smith) said that it is going to be difficult to get agreement as to where the line is to be drawn between those powers allocated to the central authority and those which were allocated to the provincial authorities. I am in full agreement with him, and do not think that if we had a conference that lasted for twelve months, or if we had twelve conferences that lasted for twelve months each we would get agreement with the provincial premiers as to exactly where that line is to be drawn because, as the hon. member said, the circumstances of the times change the picture in which that line has to appear.

Our proposal is based upon the assumption that there is a line, but that it would not be fair for us to attempt arbitrarily to draw that line. We shall have it declared in general terms, that we have the power, without consulting the provinces as represented by the ten premiers, to deal with those things that are on our side of the line. If, it is felt, we attempt to do anything which anyone feels crosses the line or impinges in any way on something that is outside our jurisdiction, there will be the courts to decide whether we are right or whether we are wrong.

Some hon. gentlemen say that that is not good enough. Well, that is the best that human ingenuity has been able to devise throughout the hundreds and thousands of years that there have been disputes between human beings. The only other way is to resort to arms. Happily for us, the other way, the trial of strength, has long since been abandoned in our domestic affairs.

The moving appeals made to us today, some made before today, in the course of this debate, that we do nothing now, do not create a very profound impression upon me at this time. I was surprised at the different tone used, for instance, by the hon. member for

Kamloops (Mr. Fulton) when we were discussing the previous matter before this house, and when the doctrine of *stare decisis* was not only sacred but something which had to be written into the statute itself, to find him in this debate not only disregarding the doctrine of *stare decisis,* which is a doctrine under which a decision is applied to another like case, but disregarding the formal judgment rendered in the very matter that he was discussing, that this parliament has the right, without consulting anybody, to make the Supreme Court of Canada the court of last resort for all Canadians.

There has been not only something which could be invoked as *stare decisis,* but there is *res judicata* on that question, and that judgment was rendered after certain provinces, or I should say the representatives of the provincial governments, stated their case before the courts of justice, first of all, before the supreme court and then before that other great court which at the time was the court of last resort. In the heat of argument I think that sometimes rules of logic are forgotten if they do not happen to fit the requirements of the argument that one wishes to make.

Mr. Smith (Calgary West): We have another precedent on that, have we not?

Mr. St. Laurent: There have been many precedents in this debate where the rules of logic were forgotten, and though I cited to the hon. member for Calgary West (Mr. Smith) an editorial from the London *Free Press* I do not admit their first assertion that our procedure is devoid of logic. It seems to me that our procedure is quite logical. We say that we wish the right to deal with the Canadian constitution to be here in Canada and to be exercised by Canadians, and everyone says that that is a splendid thing. We say that there are three series of matters which may require amendment from time to time. With respect to one of them the right to deal with such amendments has been in the constitution since 1867. If that piecemeal right to make amendments to the British North America Act means tearing the act in two, well it was torn in two before it was put into the statute book, because when it was put there it was put there with the express provision that all these matters that were of purely provincial concern could be amended by the provincial legislatures without consulting anybody else.

As there are certain matters which are under the exclusive control of the provincial jurisdiction, so there are certain matters that are under the exclusive control of the federal jurisdiction, and there are others which are of joint interest to both, as would necessarily be the transfer of authority from this parliament to a legislature, or from one or more legislatures to this parliament. We say, well, now, before we tackle this difficult problem of getting a procedure agreed upon whereby things that are yours or things that are ours can be transferred from one to the other we shall put ourselves in the same position in which you are. We are not going now to deal with matters with which the provincial authorities have any concern. We are going to get right away for the federal parliament the position the provincial legislatures have had since 1867 with respect to these matters that are of our exclusive concern, and then we shall meet the provincial representatives and shall discuss with them the procedure to be agreed upon by us all as to how we can deal in Canada with the other matters with which they cannot deal under the present subsection 1 of section 92 and which we shall not have the right to deal with under the new subsection 1 of section 91. Until we do reach an agreement we shall still be in the position that, if amendments are required, they will have to be made by the parliament at Westminster. But, up to the present time, of all the amendments that have been made only two were of the character that would in future require a pilgrimage to London. All the others in the nine other cases are matters that Canadians would settle in their Canadian parliament for their Canadian fellow citizens.

It will be much preferable to secure agreement on the method to make the future amendments, and when we do secure that agreement we shall have to make one more pilgrimage to the parliament at Westminster to get that agreement written into the Canadian constitution. That agreement should provide the guarantees that are not there now for provincial jurisdiction, provincial rights, educational rights, language rights, for the right of members of parliament to have at least one session every twelve months, and the right of the electors to pronounce upon the individuals to be their representatives in parliament at least every five years. This resolution will not give those guarantees, but it will not give the parliament of Canada any right to touch any of those entrenched matters. If and when we can get agreement with the provinces we will have one last amendment made by the parliament at Westminster that will truly entrench those rights and provide the best possible safeguards for provincial jurisdiction, provincial autonomy, provincial rights, minority rights and the democratic right of the whole Canadian people to pass from time to time its judgment on those who exercise this sovereign authority.

British North America Act

Mr. T. L. Church (Broadview): Mr. Speaker, I should like to ask the Prime Minister (Mr. St. Laurent) a question. I want to say that I think he has been very fair about this resolution. The Prime Minister has been most kind in answering the questions asked by the opposition. My question—

Some hon. Members: Order.

Mr. Church: My question has to do with the decision of the privy council on matters of grace in 1947 which was based upon the Statute of Westminster.

Some hon. Members: Order.

Some hon. Members: Question.

Mr. Church: Will the Prime Minister clarify the matter? Are we to follow such a course? We have only staged a sham battle on this side of the house against this.

Some hon. Members: Question.

Mr. Church: That is all it is. We have only staged a sham battle against this resolution. I asked the Prime Minister to kindly answer my question.

Mr. St. Laurent: I will give the best answer I can. By virtue of a bill which was adopted in this house, all appeals must now terminate in the Supreme Court of Canada and cannot go beyond that court.

Mr. Church: Shades of Wallace and Dalton McCarthy and John Ross Robertson! We only staged a sham battle against it here.

The house divided on the motion (Mr. St. Laurent) as amended, which was agreed to on the following division:

YEAS

Messrs:

Anderson
Argue
Ashbourne
Bater
Beaudoin
Belzile
Bennett
Bertrand
Blue
Boisvert
Bonnier
Boucher
Bourget
Bradley
Brisson
Brown (Essex West)
Bruneau
Cameron
Campney
Cannon
Carter
Cavers
Chevrier
Claxton
Cleaver
Cloutier
Coldwell
Corry
Coté (Matapedia-Matane)
Coté (Verdun-La Salle)
Cruickshank
Dechene
Decore
Denis
Dewar
Dickey
Dumas
Elderkin
Ferrie
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Fulford
Garland
Garson
Gauthier (Lake St. John)
Gauthier (Lapointe)
Gauthier (Portneuf)
George
Gibson (Hamilton West)
Gibson (Comox-Alberni)
Gillis
Gingras
Gingues
Goode
Gosselin
Gour (Russell)
Gregg
Harris (Grey-Bruce)
Harrison
Healy
Hellyer
Henry
Herridge
Hetland
Hosking
Huffman
Hunter
Isnor
Jeffery
Jones
Kent
Kickham
Kirk (Antigonish-Guysborough)
Kirk (Digby-Yarmouth)
Knight
Knowles
Laing
Langlois (Berthier-Maskinongé)
Langlois (Gaspé)
Lapalme
Lapointe
Leger
Lesage
Little
Macdonald (Edmonton East)
MacDougall
MacLean (Cape Breton North and Victoria)
MacNaught
Macnaughton
McCann
McCubbin
McCulloch
McCusker
McIlraith
McIvor
McWilliam
Major
Maltais
Murray (Oxford)
Mutch
Noseworthy
Picard
Pinard
Pouliot
Proudfoot
Prudham
Ratelle
Richard (St. Maurice-Lafleche)
Richard (Ottawa East)
Riley
Rinfret
Roberge
Robinson
Rochefort
St. Laurent
Simmons
Sinclair
Smith (Queens-Shelburne)
Stewart (Winnipeg North)
Stick
Stuart (Charlotte)
Thatcher
Tremblay
Valois
Viau
Ward
Warren
Weaver
Weir
Welbourn
Whitman
Winkler
Wood—133.

NAYS

Messrs:

Adamson
Balcer
Beyerstein
Black (Cumberland)
Blackmore
Blair
Brooks
Browne (St. John's West)
Casselman
Catherwood
Church
Drew
Fair
Fleming
Fraser
Gagnon
Graydon
Green
Harkness
Higgins
Hodgson
Johnston
Lennard
Low
McGregor
McLure
Murphy
Pearkes
Poulin
Quelch
Rowe
Shaw
Smith (Calgary West)
Thomas
Tustin
White (Hastings-Peterborough)
White (Middlesex East)
Wylie—38.

Mr. Mitchell: I was paired with the hon. member for Waterloo South (Mr. Homuth). Had I voted I would have voted for the motion.

Mr. Speaker: Order. It has been brought to my attention that several hon. members, after declaring their vote, left the chamber

before the vote was announced. That is irregular, and I draw the fact to the attention of hon. members so that in future they will remain in the chamber after casting their vote, until the result has been announced.

BUSINESS OF THE HOUSE

Mr. St. Laurent moved the adjournment of the house.

Mr. Fournier (Hull): Tomorrow we shall go into supply, taking the Department of Transport and the Department of Veterans Affairs. From eight to nine o'clock we will take private and public bills. Some time during the day we would like to have second reading of Bill No. 63, respecting the inspection of fish and marine plants. I understand that after second reading this bill will be referred to the standing committee on fisheries.

Mr. Green: What about the notice of motion of the Minister of Trade and Commerce (Mr. Howe)?

Mr. Fournier (Hull): I believe that will come up on Monday.

Motion agreed to and the house adjourned at 11.20 p.m.

HOUSE OF COMMONS

Friday, October 28, 1949

The house met at three o'clock.

BRITISH NORTH AMERICA ACT

AMENDMENTS TO THE CONSTITUTION—REFERENCE TO PRESS REPORT OF REMARKS BY MR. LAING

Mr. Arthur Laing (Vancouver South): Mr. Speaker, I rise on a question of privilege. In today's issue of the Ottawa *Citizen* I am credited with the following statement in reference to the constitutional issues before the house:

A sincere and final attempt is being made to re-establish federalism in Canada.

What I said was that a sincere attempt is being made to consolidate federalism in Canada. Again I am reported as having said:

You can't have eleven separate governments if the country is to be run in an efficient manner.

What I said was that you cannot have eleven separate governments all of equal stature and maintain either federalism or efficiency. In making these corrections—

Some hon. Members: Order.

Mr. Laing: —I do not wish—

Some hon. Members: Order.

Mr. Laing: —to be critical of the reporter, because unfortunately for me I am not a member of the legal profession—

Mr. Knowles: On a point of order, may I ask where the speech was made that is being corrected? Was it in this house?

Mr. Laing: —unfortunately I am not a member of the legal profession in either of the categories delineated yesterday by the hon. member for Calgary West (Mr. Smith).

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 119, to incorporate Prairie Transmission Lines Limited.—Mr. Benidickson.

Bill No. 120, respecting the incorporation of purebred livestock record associations.—Mr. Gardiner.

Bill No. 121, for the relief of Cecile de Mers Asheim.—Mr. Winkler.

Bill No. 122, for the relief of Elsie Margaret Harding Lewin.—Mr. Winkler.

Bill No. 123, for the relief of Raymond Webster Elliott.—Mr. Winkler.

Bill No. 124, for the relief of Hazel Wilma Drysdale Warnecke.—Mr. Winkler.

Bill No. 125, for relief of Ruby Rabinovitch Friedgut, otherwise known as Ruby Rabinovitch Freygood.—Mr. Winkler.

Bill No. 126, for relief of Mildred Carmen Mitchell James.—Mr. Winkler.

Bill No. 127, for relief of Bessie Birenbaum Abrams.—Mr. Winkler.

Bill No. 128, for relief of Grace Elsie Mills Johnson.—Mr. Winkler.

Bill No. 129, for the relief of Robert Ewen Stewart.—Mr. Winkler.

Bill No. 130, for the relief of Mary Cecilia Helliwell Glassco.—Mr. Winkler.

Bill No. 131, for relief of Betty Malca Stillman Shugar.—Mr. Winkler.

Bill No. 132, for relief of Tessie Charow Hersh.—Mr. Winkler.

BUSINESS OF THE HOUSE

PRECEDENCE OF GOVERNMENT BUSINESS ON WEDNESDAYS

Right Hon. L. S. St. Laurent (Prime Minister) moved:

That on Wednesday, November 2 next, and every Wednesday thereafter to the end of session, government notices of motions and government orders shall have precedence over all other business except introduction of bills, questions by members and notices of motions for the production of papers.

Mr. Stanley Knowles (Winnipeg North Centre): Before this motion is put, Mr. Speaker, I should like to make a suggestion for which I believe there will be general support from members in all parts of the house.

I think that all who carry the appellation "private members" are grateful for the extent to which we have been granted our rights as private members during the course of this session. In fact we have had more private members' days, both with respect to private members' resolutions and with respect to public bills, than has been the case since before the war. Because of that fact I do not think the government can be criticized for suggesting that it is time they should take Wednesday afternoons. Nevertheless one of the questions that could come up on a Wednesday afternoon is of interest to all members of the house and of great interest throughout the country. I refer to the motion which was under discussion a week ago last Wednesday, having to do with federal aid to education. As a matter of fact when that debate was

interrupted—and I point out that it was interrupted, not adjourned—the Prime Minister (Mr. St. Laurent) was speaking; and from his remarks it would seem that he expected, as certainly the rest of us expected, there would be another opportunity for hon. members to speak to that very important question.

It is an easy matter to word an amendment to the motion which would have the effect of giving us just one more Wednesday, and also the effect of putting the order for resumption of the debate having to do with education at the top of the list for that Wednesday. In order to achieve this dual purpose—which, as I say, I am sure will meet with general support—I move, seconded by my colleague the hon. member for York South (Mr. Noseworthy):

That the motion be amended by inserting therein, immediately after the words "November 2 next," the following words:

"notwithstanding the provisions of standing order 15, public bills and orders shall have precedence over notices of motion, and that on Wednesday, November 9,—"

If my amendment should carry, the motion would then read in this way—and I think I should put it on record so that the effect of the amendment will be clearly understood:

That on Wednesday, November 2 next, notwithstanding the provisions of standing order 15, public bills and orders shall have precedence over notices of motion, and that on Wednesday, November 9, and every Wednesday thereafter to the end of the session, government notices of motions and government orders shall have precedence over all other business except introduction of bills, questions by members and notices of motions for the production of papers.

As I have said already, the amendment would accomplish two purposes. In the first place it would give us one more Wednesday as a private members' day. It would put off the application of the Prime Minister's motion until Wednesday, November 9. In the second place it would reverse the order as between public bills and orders, on the one hand, and notices of motion, on the other, for next Wednesday, so that the first order to be called then would be the item at the top of the list of public bills and orders, which reads:

October 19—Resuming debate on the motion of Mr. Knight:

That, in the opinion of this house, the government should take into consideration means of expanding and equalizing educational opportunity across Canada, by the granting of financial assistance to the various provinces for that purpose.

I think it is generally agreed, Mr. Speaker, that one of the most interesting debates this session, and one most lacking in partisanship, was the one on this subject which took place on October 19. Hon. members in all parts of the house have been made aware of the nation-wide interest in this question by the telegrams and communications they have received. We should like to hear the rest of the Prime Minister's speech; and I feel that it would be meeting the wishes of the house if the government were to accede to this amendment. I do not believe it is the sort of thing that should be made an issue, in terms of something we must fight about at this time. If I am wrong, if hon. members in all parties do not agree with me, that is the end of it. But I am sure the subject to which I refer is one in which we are so keenly interested that hon. members will want to support the amendment.

I want to make it clear that even I would not have the nerve to ask for further Wednesdays in blank form merely in order that we might go through the various motions standing on the order paper. But having regard to the importance of this subject, and the wide interest taken in it, I hope the government will consider granting us one more Wednesday for this purpose.

Before I sit down I wish to call the Prime Minister's attention, if it has not been done already, to the fact that he was paid a well-deserved compliment on page 4 of the current issue of Toronto *Saturday Night*, where it is pointed out that he has shown himself this session ready to accept good suggestions from the opposition.

Mr. Fleming: What about last night?

Mr. Knowles: Last night the Prime Minister accepted good suggestions and turned down some that were not so good. The last sentence in the paragraph to which I refer reads:

The house gives him top marks for his attitude.

I echo that sentiment, and I hope there will be granted this further opportunity for the discussion of the proposal respecting federal aid to education which so many of us support.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I hope that I may still obtain sufficient marks from the house, even if I do not succumb today to the cajoling flattery of the hon. member for Winnipeg North Centre (Mr. Knowles). The hon. member recognizes that during this session more time has been given to these interesting academic debates than was given to them in any session since before the war, and that notwithstanding the fact that when they came here on September 15 most hon. members hoped that the session would be short, though they knew there was quite a large volume of public business to be transacted. They know now that there is still a large volume of public business to be transacted.

The hon. member proposes that the rights some fifteen hon. members would have under the standing orders, to debate matters which

they consider of great interest, be taken away and that priority be given to the continuation of the debate—having to do with a very interesting subject, it is true—on a motion made by the hon. member for Saskatoon (Mr. Knight). Hon. members will realize that unless we sit until next summer there is little prospect of the hon. member's motion being reached again, unless we take away the rights given by the rules to the fifteen other members who have resolutions under the heading of notices of motions. Though the subject matter of the resolution of the hon. member for Saskatoon is extremely interesting, I am sure that there are other members who feel that the matters they propose to bring before the house, if and when they have an opportunity of doing so, are also interesting. I do not think that it would be a good precedent to have the house decide that any one of these academic resolutions submitted by hon. members should have precedence over the other. The rights of each member are equal, and when there is an opportunity for those rights to be exercised, it seems to me that they should be exercised according to the provisions of the standing orders.

This being so, I believe if it is proper that we should now take the time that would otherwise be given to these academic discussions and devote it to the transaction of urgent government business which has to be accomplished before we can reach prorogation, it should be without any qualifications. There should not be a day especially set aside for the continuation of the debate on the resolution of the member for Saskatoon.

This does not mean that the subject cannot be discussed in the house. Hon. members who are interested in discussing it know that, for instance, in the budget debate there is wide latitude as to the subjects hon. members may discuss. At various times discussion on the estimates provides ample opportunity for discussion of matters of this kind. I believe that the interest of each one of us in educational matters, as well as in properly safeguarding the rights and jurisdictions of provincial governments, can be discussed.

So far as I am concerned I am quite content with the four minutes' participation I had in the debate a week ago last Wednesday, and am willing to reserve for some other time any further remarks I might have to make on the subject. I therefore feel that we cannot accept the suggestion of the hon. member. I hope that we shall not have to have a recorded division on the amendment.

Mr. George A. Drew (Leader of the Opposition): I believe a strong argument can be made in support of the debate being continued on the notice of motion of the hon. member for Saskatoon (Mr. Knight). I do not recall any other private member's notice of motion in respect to which the Prime Minister felt he was called upon to state his position. There were many members who hoped that the fact that he did take four minutes to indicate his approval of the general purpose of the motion which was discussed on October 19 indicated that we were to hear something further on the subject which might produce positive results.

When this notice of motion was before the house I pointed out that, desirable though its purpose was, and strongly as we advocate the acceptance of the principle of the greatest possible support of education throughout the whole of Canada, this is only part of the whole relationship between the dominion and provincial governments. If we are to reach the objective which is in the minds of so many hon. members, of all the provinces being financially in a position to provide adequate standards, then there must be an agreement that goes beyond education itself.

I had hoped that when the Prime Minister saw fit to take part in the debate on the motion of the member for Saskatoon we might have some indication from him that he recognizes the importance of this matter and is prepared to meet those whom he described last night as "those dear provincial premiers". After all, "those dear provincial premiers" are the heads of governments with whom consultation will be necessary if the purpose of this motion is to be achieved.

Mr. Speaker: Order. I do not think the hon. member should discuss at this time a former debate, whether it took place last night or on a previous Wednesday. The question is on the amendment which is now before the house.

Mr. Drew: I am not discussing the merits of the debate. I did not know those words were hidden away for ever in some mortuary. In fact I have no intention on other occasions of recognizing any such limitation. After all, the words were the expression of an attitude toward those who must be consulted. I had hoped that the provinces would be consulted. I feel, therefore, Mr. Speaker, that there is an argument in favour of the members being permitted to continue the debate on that particular motion.

Mr. F. D. Shaw (Red Deer): My colleagues and I are particularly interested in the amendment which is now before us. The Prime Minister's motion, by giving precedence to the introduction of bills, questions by members and notices of motions for the production of papers, writes *finis* to private members' day. Under normal circumstances

that would not concern us very much. In this particular instance, however, things are not quite normal.

On Wednesday, October 19, when we were considering the motion of the member for Saskatoon (Mr. Knight), five members were able to participate in that debate. We of the Social Credit group were particularly anxious to have the opportunity of placing ourselves on record in this matter, but, because of the limited time, we were unable to do so. The Prime Minister indicated that he had spoken for four minutes and would rest content with that. But to speak even for four minutes is very different from having no opportunity at all to take part in the debate. I repeat that we wish to have an opportunity of advising the house that our group wholeheartedly supports the resolution for the equalization of educational opportunity. We are wholeheartedly in agreement with the proposal that that should come about as a consequence of federal aid.

Mr. Speaker: I must call the hon. member's attention to the fact that he is out of order in discussing the so-called educational notice of motion. The hon. member's remarks should be directed to the amendment now before the house.

Mr. Shaw: Thank you, Mr. Speaker. We consider that the amendment to the Prime Minister's motion is of such vital consequence, not only to our group but to the house and to the country, that we should support it, to the end that opportunity be provided of completing the debate which was started on Wednesday, October 19.

Mr. J. W. Noseworthy (York South): I regret that the Prime Minister (Mr. St. Laurent) took the position he did on this amendment, and also that apparently we could not, within the rules of the house, discuss the question of extending private members' day in any other manner than by an amendment to the Prime Minister's motion.

I want to call the Prime Minister's attention to two reasons that he gave, neither of which in my opinion warrants his refusal to grant us this one extra day. The first was the fact that it would extend the length of the session. All the amendment calls for is one afternoon—three hours sitting—to be devoted to this question. I doubt if there is an hon. member in this house who is so anxious to make this a short session and get back home that he would wish to get away one day earlier rather than have three hours devoted to a discussion of this question.

The second reason was that it would deprive other members who had resolutions on the order paper of an opportunity of debating theirs, and would give preference to the motion of the hon. member for Saskatoon (Mr. Knight). May I call attention to the fact that within the last week some fifteen or twenty of those private members' resolutions on the order paper were allowed to stand when the opportunity came for them to be presented. I submit to the Prime Minister, through you, sir, that the resolution with regard to federal aid for education is of sufficient national importance to warrant its being given some precedence. On one occasion the Prime Minister himself said that there is no subject of greater national concern than that of education, and I am quite sure that that is his point of view.

As has already been mentioned by the leader of the opposition (Mr. Drew), the remarks of the Prime Minister when he closed the discussion a week ago last Wednesday led us to believe that on some future occasion he would continue discussion of the subject. As reported at page 946 of *Hansard*, he began his short speech by saying:

> Mr. Speaker, it would be impossible for me during the two or three minutes remaining before six o'clock to attempt to deal at all adequately with the resolution before the house.

And in closing he remarked:

> It may be that there are other hon. members who would wish to participate in the discussion of this problem, and perhaps at this time the most convenient thing to do would be to adjourn the debate.

I submit, sir, that there are 60,000 teachers across Canada who want the Prime Minister to complete his remarks on that subject. There are numbers of members in the house who, I am sure, want to express their opinions.

We have already been given to understand that a dominion-provincial conference will be called at the close of this session. Education is one subject that I am quite confident should be discussed at that conference; and if so, I think the members of this house should have the opportunity of placing before the government their opinions on the subject. I regret that the Prime Minister did not leave it entirely to the house to decide; I think it is a question that the members of the house should decide for themselves.

Mr. Fleming: The Prime Minister has referred to the volume of government business yet to be transacted. Will he be good enough to indicate to the house now what government measures are to be brought forward this session, apart from those that are already on the order paper?

Mr. St. Laurent: I have not the complete list here, but even if there were nothing more than the estimates, that would be a large volume of business.

Mr. Speaker: Those in favour of the amendment will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion, the nays have it. I declare the amendment lost.

Mr. Knowles: On division.

Mr. Speaker: On division.

Motion (Mr. St. Laurent) agreed to.

BRITISH NORTH AMERICA ACT

AMENDMENTS TO THE CONSTITUTION—DOMINION-PROVINCIAL CONFERENCE

On the orders of the day:

Mr. Leon Balcer (Three Rivers): I should like to direct a question to the Prime Minister. At what date is the dominion-provincial conference to be held?

Right Hon. L. S. St. Laurent (Prime Minister): That is a matter which is not to be determined by the federal government alone. Correspondence is now going on between the federal government and certain provincial premiers for the purpose of trying to find a date which will be convenient for all concerned.

SUPPLY

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

DEPARTMENT OF TRANSPORT

453. Departmental administration, $836,737.

The Deputy Chairman: At the close of the previous sitting we were considering item 453. If I recall correctly, the hon. member for St. John's East had not completed his remarks. He may do so now.

Mr. Higgins: When we adjourned some nights ago I was referring to the desirability of the establishment of a coastguard for Canada, and I was referring to the need of it in our own province of Newfoundland. I had remarked that the main industry of Newfoundland is fishing, and that a natural ancillary of that fishing industry is the use and operation of small boats. In view of the extreme changes in weather that we have at various times of the year, and with our extended coast line, which at various places is a rough one with little protection in the way of harbours, I submit that the establishment of a coastguard service is of the utmost importance to the province of Newfoundland.

I should like to refer you, Mr. Chairman, and hon. members, to an editorial in the Halifax *Chronicle-Herald* of August 27, 1949. It reads as follows:

> It was in the morning news yesterday: The United States coastguard cutter *Coos Bay* cleared Halifax harbour early today heading into the choppy Atlantic on a mercy dash to the liner *Parthia*.
>
> A doctor, a portable respirator and a converter were flown to Dartmouth (just across the harbour from Halifax) by an American coastguard plane "after the *Parthia* sent out a plea for assistance" for a passenger suffering from infantile paralysis. The doctor and equipment were rushed across Halifax harbour from Dartmouth aboard the cutter which had been ordered into Halifax to make the final mercy dash. The United States coastguard cutter immediately headed into the Atlantic toward the *Parthia*.
>
> It is what newspaper people call a great human interest story. But it is more than that. It is still another demonstration of the efficiency and value of the United States coastguard service . . . and of our own lack of such a service.
>
> For Canadians it is not a pleasant spectacle—the spectacle of all this activity in the very port upon which a major part of the organization of a Canadian coastguard service should be based for operations in Atlantic waters; all this activity of a coastguard service that is not Canadian at all, but upon which we rely for the performance of much of the work which we should be doing for ourselves.
>
> (And the *Parthia*, let it be remembered, is not an American ship.)
>
> Through the years running into decades we have been indebted to the United States coastguard service for a thousand and one aids to our ships and shipping, promptly rendered and capably performed. While it is highly creditable to the United States, it is humiliating to Canadians that their own country should persist in this reliance upon the services of another country. It does something to Canadian pride, Canadian dignity.

I quote this editorial, which is couched in language much better than I could use, so that hon. members may understand, even those whose constituencies do not touch on the sea or on the great lakes, that this is a matter which concerns the dignity of this nation. It is about time that we asserted the dignity that the world expects of us.

So that hon. members may be aware of the history, the functions and the duties of the United States coastguard, I shall detail them as briefly as possible.

Alexander Hamilton, first secretary of the United States treasury, recognized the need of a floating police service as part of the national fiscal organization and in 1789 congress passed an act regulating the collection of duties on vessels and imported goods. In the following year, construction of revenue cutters was authorized. The service, however, never had a statutory designation, and was variously known as the revenue cutter service, the system of cutters, revenue marine, revenue marine service, and even revenue service.

In 1915 the lifesaving service was combined with the revenue cutter service to form the United States coastguard. In 1939 the bureau of lighthouses was transferred to the coastguard, and in 1942 the functions of the bureau of marine inspection and navigation were transferred to the service.

The United States coastguard is really part of the navy in war and of the treasury department in time of peace. The coastguard has grown to be a sea-going handy man having an interest in safety of travel on or over the sea as well as protecting federal interests at sea.

I shall detail for hon. members as briefly as I can the major functions of the United States coastguard. They are as follows:

Lifesaving stations all along the United States coasts; aids to navigation, consisting of lighthouses, buoys, radio beacons, radar beacons, and the tenders and personnel to maintain them; Loran—the new electronic navigation system used by ships and four out of five transatlantic air lines; direction-finder stations publications, such as notice to mariners; patrolling cutters: weather stations and plane guard at sea, probably to expand to thirteen in north Atlantic, as recommended by PICAO; rescue cutters; federal functions in Greenland; federal functions in Alaska: air-sea rescue: coordinating agency, maintaining continuous record of all vessels and planes at sea, thereby facilitating expeditious rescue in case of emergency; communications system—radio networks over all United States teritorry, telephone system completely covering United States coast line; merchant marine inspection and safety: supervision of safe construction and outfitting of all merchant ships, United States; supervision of safe operation by regular inspections and checking for proper maintenance of safety devices.

Who knows, Mr. Chairman, that if we had a Canadian coastguard service and one of its functions was the inspection of all safety devices on ships, what might have happened in the case of the *Noronic*? Who knows if that awful tragedy might have been averted if we had a Canadian coastguard service? I continue with the list:

Licensing and certificating of merchant marine personnel, and discipline of merchant marine personnel; international ice patrol: keeping track of ice in north Atlantic during ice-menace season, issuing appropriate warning; icebreaking in harbours and great lakes: prevention of smuggling; flood relief; miscellaneous: enforcement of provisions of Alaska seal treaty; enforcement of provisions of international whaling treaty; enforcement of harbour pollution act, fishing laws, transportation of federal representatives, mails.

That is a long list of the duties performed by the United States coastguard service. I ask, Mr. Speaker, is it possible for a police force, no matter how good it may be—and the Royal Canadian Mounted Police have a record second to none as a police force—to discharge the duties I have just enumerated? The coastguard is a sea service, a service for seamen, a service that cannot be undertaken by a land based force or a force which is really the minor wing of a land force, no matter how good that force may be. I therefore respectfully submit that the necessary steps should be taken immediately to set up a proper and efficient coastguard service for Canada, a service that would be able to take care of the many and varied duties that only a service of that kind can perform, a service of which in the years to come all Canadians might be justly proud.

When the question of saving life is at stake, cost should not be considered. For the sake of economy, for the sake of national pride, for the sake of humanity, we should have a coastguard service equipped and manned for the numerous sea-going duties now undertaken by the United States coastguard service. Too long have we let Uncle Sam do our work. It is about time that we did it ourselves.

In conclusion I trust that I will be pardoned for giving the committee a little poem from the official book of the United States coastguard, entitled, "The United States Coast-Guard—its History, Vessels, and Doctrine". The poem is entitled, "Coastguard Cutter", and reads as follows:

When she steams into the harbour
People don't flock 'round like bees;
For she ain't no grim destroyer,
No dark terror of the seas.
And there ain't a load of romance
To the guy that doesn't know,
In a ship that just saves vessels
When the icy northers blow.

But the men that sail the ocean
In a wormy, rotten craft,
When the sea ahead is mountains
With a hell-blown gale abaft;
When the mainmast cracks and topples,
And she's lurching in the trough,
Them's the guys that greets the cutter
With the smiles that won't come off.

When the old storm signal's flyin',
Every vessel seeks a lee,
'Cept the cutter, which ups anchor
And goes plowing out to sea,
When the hurricane's a-blowin'
From the banks to old cape Cod,
Oh, the cutter, with her searchlight,
Seems the messenger of God.

Mr. Gibson (Comox-Alberni): Mr. Chairman, I wish to congratulate the hon. member for St. John's East upon having entered the lists in support of our contention that we should have a Canadian coastguard service. He did it exceptionally well, and as one who has been here for five years I will tell him that he might find it advantageous if he were just to put the speech away in mothballs for another year—because he will be able to pull it out again and use it next year, I am sure. It will be just as instructive then as it is now—and I congratulate him upon having made it.

I think that next year our Canadian seamen, if they get into trouble, will be singing "God Bless America"; and if they ever reach

the point where they cannot sing that, then they will have to sing "Nearer My God to Thee".

In what I say I am not critical of the Minister of Transport, because he runs a pretty good service, having in mind what we give him. He has a couple of lifeboats out on the Pacific coast. Of course they are small, and they cannot go anywhere in a big sea. They are pretty dangerous; if one got out in a big sea in one of those boats he would freeze to death—and if he happened to help anyone else, that person would perhaps freeze to death too. There is no radar on them; I hope there is a compass, although I am not sure. They do, however, perform a useful service, and are handled by capable men. They go out to service our lighthouses, at points where landings with supplies can be made only with small vessels. They look after the lights around the channels. I have no criticism at all of the service they are rendering out there. My only comment is that while they are useful adjuncts to a lifesaving service, they are not useful as a coastguard.

Last year I made a speech in the house on this subject. I pointed out to the minister that we could obtain vessels suitable for this purpose; that good vessels were still available from the United States navy for $15,000 which cost about $385,000 to build. They are equipped with aids to navigation, such as asdic, radar, and a 1,200 horse power diesel engine. I can assure the committee that they are extremely seaworthy—boats on which one could put a tow-winch, and, if a vessel were in difficulty, pass a line to it.

I feel that the coastguard in Canada is not something that should be under the Minister of Transport. In my view the Minister of National Defence should be the man to handle that problem. For some unknown reason this year the Department of National Defence saw fit to send two seaworthy ocean-going tugs and have them stationed alternately at Winter Harbour on the west coast of Vancouver island. They were given instructions to look for Japanese mines, and, if any showed up, they were to go out and destroy them. They were careful never to do anything constructive—and this is where I take exception to what is being done by the Department of National Defence. Any time we suggest to them that they do anything constructive in return for the $375 million or $400 million that is appropriated to them, and suggest that they provide us with rescue facilities along our coast line, they say: "Oh, no; we are destroying Japanese mines, and certainly we are not going to be useful to anyone."

The Deputy Chairman: May I point out that we are discussing item 453, Department of Transport—not the Department of National Defence.

Mr. Gibson (Comox-Alberni): Thank you, Mr. Chairman, for calling that to my attention. But the Minister of Transport gets so much abuse—and he is a very good friend of mine—that I sometimes feel that the abuse is not entirely justified. I was just pointing out through you, sir, that I think he should be making this speech himself, and saying that it is his colleague the Minister of National Defence who should be doing all this.

As I have pointed out, the Department of National Defence provided us with two vessels last year which, in extreme emergencies, could have acted as coastguard cutters. But when we got them up at Winter Harbour we found that evidently they had been told not to do anything, and they made very sure to follow out instructions carefully.

Perhaps I am reaching somewhat into the functions of the Department of National Defence, but I suggest that the Department of National Defence could provide the service for which we are asking. I cannot think of a better place to train young Canadian seamen than to put them on a boat 120 or 130 feet long, send them out to sea and teach them how to pay out a tow-line in a heavy sea if someone is in trouble. You do not make seamen by putting them in the aircraft carrier *Magnificent* and teaching them how to run an elevator. That is not the way to train them. To make sailors you have to get them into small boats. I suggest that the Minister of Transport talk to his colleague and see if he cannot sell him, not a bill of goods but something for the good of Canada. It seems to me that for the $375 million we are spending in the Department of National Defence we should have a coastguard service and get some real value for our money.

Mr. Pearkes: Mr. Chairman, the hon. member for Comox-Alberni, who is much closer to the inner circle of government than I am, has offered some comments which I am afraid will cause discouragement out on the Pacific coast, because many agencies out there had hoped that an improved coastguard service or sea-rescue service would develop during the forthcoming year.

I know that some improvements have been made in the matter of small vessels operated by the Department of Transport. These, as the hon. member for Comox-Alberni has said, spend most of their time in replenishing supplies and looking after aids to navigation around our coast. There has been, however, a growing demand in recent months for an adequate coastguard service along that coast.

Whether it should be under the Department of Transport or some other department may be a debatable point. At the present time, however, the Department of Transport is charged with the responsibility of looking after our shipping and of supplying aids to navigation, lighthouse services and all that sort of thing. Therefore I submit this is the appropriate time to raise the question of the need for a coastguard service.

I am glad the hon. member for Comox-Alberni has referred to the activities of the two small naval tugs stationed on the west coast of Vancouver island last summer. One of those tugs was asked by the R.C.A.F. to proceed to the rescue of a vessel in difficulty some 300 miles off the coast of Vancouver island. The tug proceeded but turned around and came back, the reason given, as stated in the *News-Herald* of October 8, being that the captain of the vessel learned that a United States coastguard vessel was proceeding to the ship in distress, and also that there were numerous other fishing vessels in the immediate vicinity. Therefore the naval tug turned around and went back. Three days later the ship in distress was towed into harbour by a United States coastguard cutter. The suggestion that fishermen who are earning a livelihood on the sea, and who are exposed to the dangers of the Pacific, should have to leave their lawful occupation to stand by another ship seems fantastic unless the ship is in dire necessity and there is no other rescue vessel available.

As has already been said, there are many different government agencies and departments with ocean-going vessels on the Pacific coast that are in some measure responsible for protective service. There are fishery patrols, Royal Canadian Mounted Police vessels, hydrographic service vessels, ships of the Department of Transport, and so forth. There are also the sea rescue squads of the R.C.A.F. and the naval vessels, but they are not co-ordinated in spite of an effort that is being made to reach some degree of co-ordination.

It is essential, if effective rescue facilities are to be provided, that all these agencies be co-ordinated under one head, and that some individual have authority to order a government vessel to proceed to the scene of a wreck or to a ship that is in distress. That would seem to me to be one of the main functions of a coastguard service.

I know that to install a coastguard service in any way comparable with the most efficient service maintained by the United States would run into a great deal of money, perhaps more money than the government would feel justified in expending at the present time. Nevertheless, with the resources that are now available, it should be possible to have these services co-ordinated to a higher degree than is the case at the present time, and thereby have a more efficient service. It should be possible for some individual to be able to order a government vessel of a different service, which may happen to be in the vicinity, to proceed to the scene of a marine disaster. Such power does not exist at the present time.

The R.C.A.F., which receives information about disasters, can advise a vessel of another department of that disaster, but they do not have power to instruct it to proceed to carry out rescue work. Without going to a great deal of expense to set up a complete coastguard service, I hope that the minister will look into the matter and see if it is not possible to achieve a higher degree of co-ordination of all these existing means—

Mr. Chevrier: That is the whole point.

Mr. Pearkes: —of rescuing life at sea. There is one other point akin to the question of a lifeguard service. In 1948 representatives of the Department of Transport attended an international convention concerned with the safety of life at sea. I believe they approved of the general agreements drawn up at that convention. These agreements are not to come into force until the first of January, 1951, but I believe there is a provision in them that they will only come into force on the 1st of January, 1951, provided that at least twelve months before that date not less than fifteen acceptances of the convention, including seven by countries each with not less than one million gross tons of shipping, have been deposited. I should like the minister to say whether an acceptance has been deposited by Canada, or whether Canada intends to endorse the agreement signed by her representatives before the first of January, 1950. That is the date by which it will be necessary for our acceptance to reach the international convention if we are to comply with the twelve months deadline prior to the 1st of January, 1951.

Mr. Chevrier: May I tell the hon. member immediately that Canada is a signatory to the convention and intends to accept it. I have not looked into the legal question as to whether or not it will be necessary before the next session of parliament to bring down a convention, or whether amendments to the Canada Shipping Act will suffice.

Mr. Pearkes: That would not be too late for it to be accepted by the 1st of January, 1951?

Mr. Chevrier: No.

Mr. Herridge: I should like to place before the minister a matter of serious and direct concern to at least 5,000 of my constituents. I refer to the maintenance of an adequate and suitable steamer service on the Arrow lakes. I have mentioned this subject before. It is not a very glamorous one from a news reporter's point of view, but when I speak of this subject I think of the farmers, the fruit growers and the lumbermen of that district who make their living by hard work.

For the information of hon. members, in order that they may understand the situation existing at the present time, I think I should inform them where the Arrow lakes are and relate some of the history of the service. The Arrow lakes are an extension of the Columbia river running from Arrowhead, which is about 35 miles south of Revelstoke, to Castlegar on the south, which is about 25 miles north of the international boundary, in all a distance of over 100 miles. The first service on the Arrow lakes and the upper Columbia was provided in 1865 when the steamer *Forty-nine* was used to transport miners' supplies and equipment to the Big Bend north of Revelstoke.

In 1894 several men incorporated what was known as the Columbia and Kootenay Steam Navigation Company, and proceeded to build several steamers, the first of which was the *Columbia*. Then they built the *Lytton* and the *Kootenay*. These steamers served to develop the district for a year until in 1895 the first stern-wheelers were built, the old *Nakusp* and the *Trail*.

In 1896 the service was taken over by the Canadian Pacific Railway. This company increased the fleet by building the *Rossland* and the *Kootenay*, later the *Minto* in 1898, and the steamer *Bonnington* in 1911. During the period from 1896 to 1911 there was ever-increasing traffic. I lived in the neighbourhood of that lake for the greater part of those years. This was the main artery of travel, giving people in the interior of British Columbia access to the coast. As a matter of fact the traffic increased to such an extent that the C.P.R. built the palatial steamer, the *Bonnington*, in 1911 to accommodate it; and a reference to the minutes of a directors' meeting of the Canadian Pacific Railway of that date indicates that this route was very profitable.

Then with the completion of the Kettle Valley railroad in 1916 the situation changed. From that time on the major portion of the traffic from the southeastern interior, both passenger and freight, was carried over this railroad to the coast. Since then passenger and freight traffic has gradually declined, and finally brought about the decision to dispose of the *Rossland*, *Kootenay* and *Bonnington*, so that today all we have left of the fleet on the Arrow lakes is the 51-year-old stern-wheel steamer *Minto*. There are only two stern-wheelers operating in any province in Canada, as far as I know; one is the *Moyia* on the Kootenay lake and the other is the *Minto* on the Arrow lakes.

As the situation grew worse from year to year organizations in the lake district complained to government departments and to various officials, without result. During the period of the war the people decided to do the best they could with the service that was being given in the district; but since the war there has been an increasing demand from the residents of that area for an improved and continued service on the Arrow lakes, which demand has been stimulated during the last year by fears that in the near future the Canadian Pacific may turn over the service to other interests. Boards of trade, farmers' institutes, fruit growers' organizations and other associations in the area are united in wishing to see the service continued and improved by the Canadian Pacific Railway Company, because they are of the opinion that no other company could give a satisfactory service for the whole area.

When I was a member of the provincial legislature I used to receive resolutions from various organizations with respect to this matter. I brought it to the attention of the provincial government, where I was told that this was a matter of federal concern, that it had nothing to do with the provincial government. So when I arrived in Ottawa I took it up with various departments of government, including the Department of Transport. On the first occasion the minister told me that since these lakes were entirely within the confines of the province of British Columbia he was of the opinion that this service came under provincial jurisdiction. Now I want to read the minister's reply to a letter I wrote and a query of mine in the house during the latter part of 1947:

Dear Mr. Herridge,

When the estimates of my department were before the house you raised the question of the service being given by vessels operated by the C.P.R. on the Arrow lakes. You will remember you also wrote to me in the matter about the same time.

I placed before the board of transport commissioners your representations that the frequency of the service on the lakes should be increased both for the carriage of passengers and freight and also your suggestion that this service be brought under the operation of the Transport Act, and consequently under the jurisdiction of the board.

Section 12, subsection 4 of the act is, in part, as follows:

"The provisions of this part shall not apply in the transport of goods or passengers

(a) between ports or places in British Columbia".

The board have carefully reviewed the situation in the light of your observations, and have reached the conclusion that the operation of ships on the Arrow lakes does not lend itself to regulation under the Transport Act. Accordingly the board have expressed the view that the act should not be amended as suggested by you.

I felt I should inform you of the position taken by the board in this regard.

With best wishes.

That is signed by the minister.

Mr. Chevrier: If I may interrupt the hon. gentleman, Mr. Chairman, he has been permitted to go on for some time now, but my impression was that he was entirely out of order. In view of the letter he has just read, which clearly indicates that the board of transport commissioners have no jurisdiction in the matter and that in order to have jurisdiction the Transport Act would have to be amended, I submit with deference that this is not a subject which comes under the item now before the committee.

Mr. Herridge: I think the minister is correct on that point, but that is not the point I am really going to make in concluding my remarks. I would like to read a letter I received from the secretary of the board of transport commissioners in reference to this matter, under date of May 19, 1949:

Dear Sir,

I have for acknowledgement your letter of May 10 addressed to the board's director of operation in the above noted connection.

That is, in respect to C.P.R. steamer service on the Arrow lakes.

I have been directed to state that the board is of the opinion that it has no power to prevent the disposal by the C.P.R. of its boat equipment to private interests and is therefore not in a position to assist in this matter.

That is signed by Mr. P. F. Baillargeon, secretary of the board. The point I wish to bring to the attention of the minister is that I have been told repeatedly this does not come under the jurisdiction of the federal parliament. I am of a different opinion, as I think a good many people are, and I am appealing to the house because under these circumstances we have no other recourse. I want to quote from the act of incorporation of the original company to prove that this steamer service does come within the jurisdiction of the parliament of Canada. I am referring to chapter 87, 53 Victoria, an act respecting the Columbia and Kootenay Railway and Navigation Company, assented to April 24, 1890. This is the preamble:

Whereas a petition has been presented stating that the Columbia and Kootenay Railway and Navigation Company has undertaken the works hereinafter described, and that it will facilitate its financial arrangements if it can lease such works to the Canadian Pacific Railway Company, and praying that authority so to do may be conferred by the parliament of Canada; and it is expedient to grant the prayer of the said petition; Therefore Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows.

The Deputy Chairman: I am sorry to interrupt the hon. member, but I think he is pursuing the discussion of a case which does not come under the item now before the committee. Following the remarks of the Minister of Transport on a point of order, the hon. member said he would come to a different conclusion and that he agreed with the point of order raised by the minister. I permitted him to continue his remarks, but I see he is still discussing the same case. So I would ask him to be kind enough to confine his remarks to the item before the committee; that is, departmental administration, Department of Transport.

Mr. Herridge: This is the only opportunity I may have to prove that this steamer service comes within the jurisdiction of this parliament and that the department should do something about it, and I believe that properly comes under the item administration. I shall not be long, and as I am not in the habit of taking up the time of the house unnecessarily, I would like to proceed with my appeal to the minister and the committee.

Mr. Chevrier: I have heard the appeal before, but I have no objection to hearing it again if it pleases my hon. friend.

Mr. Herridge: The minister is very kind, but I hope this appeal will bear more fruit than my former efforts. Section 2 provides:

The following works, being those which the company by its said act of incorporation is empowered to undertake, own and operate, are hereby declared to be works for the general advantage of Canada. . . .

This is the point I want to make.

. . . that is to say: A railway from the outlet of Kootenay lake, in British Columbia, through the Selkirk range of mountains, to a point on the Columbia river as near as practicable to the junction of the Kootenay with the Columbia river in that province. . . .

I am going to abbreviate as much as possible, but the act goes on:

Nothing herein contained shall be construed in any way to affect or render inoperative any of the provisions of the said act of incorporation which authorized the said company to undertake, own and operate the said works as aforesaid; but hereafter the same shall be subject to the legislative authority of the parliament of Canada, and the provisions of the Railway Act.

I believe the act of incorporation clearly indicates, Mr. Chairman, that this steamship service is the concern of this parliament and should operate under the Railway Act or some other act coming within the jurisdiction of the minister.

I should like to consider the incorporation act in relation to clause 10 of section 92 of the British North America Act, which deals with the exclusive powers of provincial legislatures with certain exceptions. One of the exceptions is contained in clause 10 and reads as follows:

> Such works as, although wholly situate within the province, are before or after their execution declared by the parliament of Canada to be for the general advantage of Canada or for the advantage of two or more of the provinces.

Surely my argument is sound.

I know that in recent years, Mr. Chairman, considerable losses have been incurred in the operation of these steamers. I have discussed the matter with the officials of the Canadian Pacific Railway as well as the officials of the Department of Transport. I found them all sympathetic in a general way but I am of the opinion that, as this service without doubt comes within the jurisdiction of this parliament and therefore under the Minister of Transport, consideration must be given to proposals for continuing it for the people affected.

I remember the early days when these people settled on the lakes. The Canadian Pacific and other companies sold land to many of them. They cleared the land, bought timber holdings and settled there on the assumption that the then satisfactory service would be continued. I do not think this government can blandly overlook the situation in which those people now find themselves.

I raised this question in 1947, as the minister mentioned. To him it is a repetition. After I heard a member of the Progressive Conservative party thanking the minister for a subsidy given a steamer which operated entirely on a lake situated within the province of Ontario, I asked the minister if he would give consideration to the granting of a subsidy for the service on the Arrow lakes. At that time he said yes.

In conclusion, Mr. Chairman, I am appealing to the minister to have his department investigate this situation to ascertain whether it is necessary to bring this service under the transport or other act. I suggest for the immediate future, a subsidy should be provided for the maintenance of the service and for its improvement. Not only do these steamers serve the towns, the isolated hamlets, lumber camps, fruit farmers, and residents along the lakes, but if the government has vision they can be of great value to Canada as a tourist attraction. I do urge that the minister have his department investigate this question and confer with the officials of the Canadian Pacific, the company concerned, with a view to granting a subsidy. The minister is granting a subsidy of approximately $405,000 this year to steamships on the west coast. Will he say what he intends to do about these proposals?

Mr. Chevrier: The hon. gentleman who has just taken his seat will excuse me if I do not take up too much time replying to his request for consideration of the service on the Arrow lakes. The matter received considerable attention last year and was referred to the board of transport commissioners. After a careful investigation, they came to the conclusion it was a case which did not come within their jurisdiction. Furthermore, the board felt that the Transport Act should not be amended so as to bring this service within the jurisdiction of the act. I do not believe I can add very much to what was said then.

There is, of course, the question of the essentiality and convenience of the service to the public, which is another matter. The hon. member suggests that consideration be given to a subsidy. The maritime commission administers subsidies, and the owner of the service should make application to them, just as other steamship operators do. After a careful study of the facts and circumstances, if the maritime commission would recommend either that a subsidy is or is not warranted, if such an application is made then I believe my hon. friend will have gone as far as he can go in so far as the services over which I have any control are concerned. I do not believe he can expect much more than that. I shall be glad to facilitate the application of the owners of the service if they care to make one.

I should not like to leave the matter of the coastguard service without some general remarks in reply. I am grateful to the members for Comox-Alberni (Mr. Gibson), St. John's East (Mr. Higgins) and Nanaimo (Mr. Pearkes) for their contribution to this debate. The hon. member for Comox-Alberni was right when he said it is not the first time the matter has been up for consideration.

I wonder if the member for St. John's East realizes just how tremendous this problem is? This is a large country with an ocean on either side of it. It is not an easy matter to patrol our coasts and the great lakes as well. It is not a problem which can be solved merely by words, or by criticism of what is being done.

Some of the members of this house apparently do not realize how much we are doing. The member for St. John's East referred to the United States coastguard cutter coming to the assistance of a certain ship in the Atlantic region. That coastguard cutter forms part of the north Atlantic ice patrol, towards the maintenance of which Canada pays a

certain amount by virtue of an international agreement. When that cutter came to the assistance of our ship, it was a direct result of the contribution Canada made towards the cost of the ice patrol.

I could read to the house a statement of the number of casualties that have taken place on the east and west coasts, as well as the great lakes, and inform the house how many of those have been looked after by our own people, but the list is too long to put on the record. I should like to take one or two examples. In 1946-47 on the Pacific coast there were 120 casualties. Seventy-five of them needed no assistance and the remaining 45 were looked after exclusively by our own ships. In 1947-48, on the west coast again, there were 95 casualties, 60 of which needed no assistance and the remaining 35 were taken care of by our own ships.

Mr. Green: Would the minister indicate what he means by "our own ships"? Does that include salvage vessels?

Mr. Chevrier: Yes, it would include ships of the Department of Transport, salvage vessels, fishing vessels and R.C.M.P. vessels. On the west coast in 1948-49, there were 95 casualties, of which 62 required no assistance.

Mr. MacInnis: Mr. Chairman, would the minister explain what he means by "casualties"? It has a certain connotation, and when he says a casualty would require no assistance, what does he mean?

Mr. Chevrier: Casualty does not mean the loss of life. It would include a ship that is stranded at sea by reason of engine failure or a ship that has been rammed by another ship.

Mr. MacInnis: Then, "casualty" refers to ships and not persons.

Mr. Chevrier: Yes. Of the remaining 33 casualties in 1948-49 which required assistance, 32 were looked after by our ships and one by the United States coastguard. The same thing could be said of the east coast. By my remarks, I do not want to minimize in any way the value of the service rendered by the United States coastguard. I think on many occasions I have taken the opportunity to write to those who are in charge of this service in the United States, to thank them for the assistance they have given Canada. I can think of one particular occasion on the great lakes when they were of great service to us. I should not like anyone in the house to think that Canada is not extremely grateful for what is being done by the United States coastguard service. What I want to bring to the attention of the committee is that Canada is doing something in this matter.

Mr. Isnor: Will the minister be good enough to put on record the figures for the east coast operations?

Mr. Chevrier: Yes. On the Atlantic coast in the year 1946-47 there were 67 casualties, 55 of which required no assistance and 12 to which assistance was rendered—again by government vessels, by fishermen and salvage companies. In 1947-48, on the Atlantic coast, there were 98 casualties, 84 requiring no assistance and 14 requiring assistance, all of the 14 being looked after by our own vessels. In 1948-49, on the east coast there were 84 casualties, 53 requiring no assistance and 31 requiring assistance; 2 of the 31 were assisted by United States coastguard vessels. That completes the list to date for the Atlantic coast.

I think the problem is chiefly one of co-ordination. I think it was the hon. member for Comox-Alberni or the hon. member for Nanaimo who put his finger on the main point when he said that these facilities that we have on the east coast, on the west coast and on the great lakes might perhaps be brought together more than they are at the moment. Consideration is being given to the further co-ordination of these services, perhaps under the Department of National Defence, perhaps under the Department of Transport. I do not know which of the two departments is the better qualified. But in view of the seriousness of the problem a committee has been established by the government. This committee is composed of members of departments which are concerned, such as Mines and Resources, Fisheries, R.C.M.P., Transport and the three divisions of National Defence.

The object of this committee is to ascertain whether improvement can be made on what exists. I think the committee, for instance, will study what might be the maximum facilities, what would be the minimum, to meet the situation and what would be a middle position; and consider the possibility of co-ordination of all existing services under one head to establish responsibility for locating the vessels on the east coast, the west coast and the great lakes, for getting in contact with them, for keeping in contact with all government vessels, be they Transport vessels or those of other departments, and indicating to those vessels where a ship is in distress, and indicating how quickly the ship can be relieved, and matters of that kind.

To those members therefore who have interested themselves in this problem I can say that their efforts have not been in vain. I am not able to announce anything concrete

at this time but I think the committee will be pleased to know that an attempt at least is being made to study the problem and to see what the best possible solution is at this time.

Mr. Decore: I want to draw the minister's attention to the Canadian National Railway line which runs east from Edmonton to a point called Heinsburg. It so happens that this railway line runs through a thickly-populated farming area, but there is a gap of some 39 miles from Heinsburg to a point called Frenchman's Butte in Saskatchewan. The result is that the farmers' cost of production is considerably higher than it would otherwise be. I understand that the reason this line was not completed was the coming of depression years and the war.

Conditions have now changed. Quite significant developments have taken place along that line which I think are of importance to our Canadian economy. It so happens that along this line the famous Redwater oil field has been discovered. This is the largest field not only in Alberta but in Canada. Farther along the line there is a salt mine which has been developed only within the last year. The result is that there is quite a considerable strain on rail transportation. As the people in my constituency are affected, is the minister in a position to give us any information on whether the Canadian National Railway Company has any intention of completing this gap some time in the near future?

Mr. Chevrier: I thank the hon. member for Vegreville for his interest in the unfilled gap between Heinsburg, Alberta and Frenchman's Butte, Saskatchewan. The Canadian National Railways have been giving some careful study to this line, not only in 1949 but in 1948 and 1947; and, I must tell my hon. friend, they have it fairly high up in their priority list. But the Canadian National Railways follow a careful pattern and put branch line construction in two categories: those which the management feels it should recommend on the basis of improving or rounding out the system and serving territories without service, which lines can be economically justified; and those which can be regarded as colonization or development projects. With regard to the latter, they would probably look for government assistance if it was felt that a line was justified.

This line evidently would not fall in the latter category; it would fall in the first category. Until the Canadian National Railways can recommend to the government that it is a profitable line from the point of view of revenue operation and so on, I do not think I would be justified in bringing it down. But I can tell my hon. friend that the discovery of the oil wells and the salt mines are two features which should add considerably to the chances of construction. They certainly should add to the economic advantages. The best I can say at this time is that the Canadian National Railways have the matter under careful review and that they have it fairly high up in their priority list.

Mr. Argue: I should like to bring to the attention of the minister some of the gaps in railway lines that exist in my constituency and in areas adjacent thereto. It seems to me that in the past a pattern was followed of building branch lines out from the cities of Moose Jaw, Weyburn, Estevan and the town of Assiniboia and not joining those branch lines in order to give the best possible service to the people in that area. With the branch lines existing as they do, the result is a long freight haul for livestock going to market, with shrinkage in weight, and possible loss in grade. For the farmers along these lines who have to use them for that purpose, it is an expensive method of shipping livestock. It means, too, varied and inefficient passenger service. For instance, going from the town of Valmarie to the city of Moose Jaw, only some hundred and seventy-five miles away, one must spend two nights on the way to Moose Jaw. The territory that I represent seems famous for having many gaps between various branch lines. I mention the gap between Neptune and Radville, a distance of some sixteen miles, and the gap between Willow Bunch and Assiniboia, a distance of thirty miles. The people in that area have been promised that the Canadian National railway line would be completed and extended. They have been promised that for many years. There is a town of St. Victor which exists beyond the railway line, and which has no railway service. That inland town sprang up there because the people of the district felt that the Canadian National railway line would be extended in the future. I might mention also the gap between Cardross and Dunkirk, a distance of nineteen miles, the gap between Neidpath and Swift Current, a distance of thirty miles. The tracks have been laid between Neidpath and Swift Current, but the line is still termed "under construction", and there is no train service between these two points. I might also mention the gap between Minton and Big Beaver. I had representations from people in that area asking the government to do what it could to see that that gap is bridged. I want to mention specifically and especially the gap between Mankota and Valmarie, and bring that to the attention of the minister.

A few years ago the Minister of Agriculture made the statement that it was his understanding that that gap would be bridged as soon as the Canadian Pacific Railway undertook branch line construction. In this house two years ago, the Minister of Transport himself said that that was his understanding; that that was one of the first programs for branch line construction of the Canadian Pacific Railway. It seems to me that the people in that territory have waited far too long for the bridging of that gap. I wonder whether the statement of the Minister of Agriculture will be fulfilled and that gap will be bridged.

Can the minister tell me whether or not the program will be undertaken at any time this year, ten years from now, or any time in the future to bridge that gap? The people in that area are getting pretty discouraged about the whole matter, and they would like some concrete undertaking, if possible, that that gap will be bridged.

Mr. Chevrier: I can tell my hon. friend immediately that if he understood a statement of mine made two years ago to mean that this gap would be bridged he is entirely mistaken. I do not think I would ever attempt to make a statement of that kind concerning the Canadian Pacific Railway. What I did tell my hon. friend—and I speak now of course only from memory; I have not seen the record—was this, that I would take the matter of the Mankota-Valmarie line up with the management of the Canadian Pacific Railway, although I made it quite clear to the committee that no jurisdiction lay with me in so far as that company was concerned. I did take it up with them and I presume I wrote my hon. friend along the lines of the reply that I received from the Canadian Pacific Railway, which I think was to the effect that at that time there was no intention of filling the gap because they felt their main task was to rehabilitate existing lines and purchase new equipment such as box cars, diesel engines and the like. I do not know on what basis the Canadian Pacific Railway proceeds, whether it follow the same course as the Canadian National Railways or not. The Canadian National Railways proceed along the line I mentioned a moment ago; if a line is economically justified it is likely to be placed on a list where the railway will sooner or later recommend it. If it is not considered to be a profitable undertaking from a straight operating standpoint but there is great pressure for it, I think the railway would then ask if the government is prepared to assist. These are the two bases. But dealing with the lines mentioned by my hon. friend, in so far as the Canadian National Railways are concerned, the position is just as I related it to the hon. member for Vegreville.

Mr. Argue: If I might just make an observation in answer to the minister I would say that I am sorry—and I am not asking him to lay down the policy of the Canadian Pacific Railway—that he has to inform me that the Canadian Pacific Railway has no definite intention of building the line in the near future.

May I refer to *Hansard* of July 2, 1947, at page 4999 and read what the minister said:

> I am informed by the officers of the Canadian Pacific Railway Company that just as soon as they begin branch line projects the Mankota-Valmarie line is one of those which will be considered.

Mr. Chevrier: That is not what my hon. friend said. My hon. friend said that I had made the statement. How could I possibly interpret the Canadian Pacific Railway policy? I could not. What I did was to pass on to my hon. friend the information that the officers of the Canadian Pacific Railway gave me. I did that only as a matter of courtesy to my hon. friend because I have nothing to do with the Canadian Pacific Railway. It is clear that in that statement I was passing along to him what the officers of the Canadian Pacific Railway had told me.

Mr. Argue: I accept the minister's explanation completely, and I did not mean to infer anything else. I am sorry that the Canadian Pacific Railway is not in a position to tell the people of the area that that gap will be bridged and that they will get efficient train service.

Mr. Lennard: I rise to support hon. members who this afternoon have advocated a Canadian coastguard service. I am interested in the great lakes and in lake Ontario in particular. I might tell the minister, through you, sir, that so far as lake Ontario is concerned these facilities are available under another department. The only service that I know of at the moment is harbour patrols. I believe there is a harbour patrol in Hamilton and in Toronto, but these are only small vessels for lifesaving purposes. Under another department of the government we have stations at Hamilton, Toronto and possibly Kingston. There are ships and personnel available. With no great additional expense I believe that on lake Ontario at least we could have a coastguard service operated by the department of defence.

Mr. Stuart (Charlotte): Mr. Chairman, this matter of a coastguard is of course of interest to many hon. members coming from the maritimes, the lake districts, and the west

coast. At the outset I want to say how much I was impressed by the words of the hon. member for Nanaimo. One of our biggest problems in this connection is the matter of co-ordination. If we could get several departments working in conjunction with one another in arranging this service we think that it could be much more economical than it is at the present time. I believe that it would give a much better service to those who are interested. I speak particularly now of the bay of Fundy district and of our fisheries and our lifesaving service. For quite some time the department has had under discussion the establishment of a lifesaving service on Grand Manan island. At the same time we must maintain a fisheries patrol boat there twelve months of the year. Although these men have busy times I believe there are many days when they can find little to do. But with two services and two crews the department is left open to criticism from many people. In fine weather there would be very little use for lifesaving equipment. At that time the same boat could do the fisheries patrol work. Then, in the stormy weather you would have two crews on one boat to take care of some very serious condition that might arise.

I believe that by combining the two services under the Department of Transport or under the Department of Fisheries we may expect much better results at a smaller cost. In his statement this afterinoon the hon. member for St. John's East has indicated that perhaps our fishermen in Canada were not treated as fairly in the matter of government services as are the fishermen in the United States. In the matter of a coastguard service that may be true, because I believe the coastguard service in the United States is better than ours.

However the hon. member has been here for only a short time. I believe if he would look over the situation carefully he would find that this government has done a great deal for the fishermen on both coasts. I would refer particularly to the breakwaters and wharves built on the Atlantic and Pacific coasts, and in the great lakes area. Today the cost of those wharves and breakwaters would maintain in Canada a lifesaving service second to none. If one travels down the coast of Maine or any of the other New England states he will travel hundreds of miles before he will find a breakwater built and maintained by the federal government of the United States. They just do not do that for their fishermen. On the other hand, down where I live I feel the department and the government have been more than good to our people in the matter of wharves and breakwaters. The government has been generous, and you may be sure those services are appreciated by the fishermen who use them. In addition to that we have cold storage and other services, and I believe the government has tried to be helpful to the fishermen.

I have heard the matter of lighthouses discussed on both sides of the border, and have travelled on the waters both sides of the border. They may have better buoys and lighthouses in the New England states than we have in Canada. However I believe we have done a good job on the bay of Fundy and along our coast line. It is being improved as time goes on, and we hope it may be improved to an even greater extent.

I feel that several departments have tried to be helpful, and have done much for our fishermen. Then, reference is made to lifesaving equipment by the hon. member for St. John's East. When he says that such equipment is of great assistance I would support him. However, in many sections of the maritime provinces our boats are not equipped with radio-telephone facilities; and without that equipment lifesaving equipment may be available within five miles, and yet that fact not be known. Before the service can be made to work effectively or the way in which we would like to see it work, our fishing boats must be supplied with radio-telephone equipment, in order that they may get in touch with one another.

I should like to refer to something that happened in my county last fall. A young veteran of the last war had his arm caught in a lobster hoist. He did not have radio equipment on his boat, but within hailing distance there was a boat that did have radio-telephone. They wired to Grand Manan, and when he arrived at North Head breakwater a nurse and doctor were in attendance. The young man was unconscious at the time. Without the radio-telephone service there is no doubt he would not be here today. Since that time he has been appointed to the customs service, and is getting along well on Grand Manan island.

I believe that radio-telephone in all branches of the fishing industry is one of the greatest things that could be installed, and would be most useful in a time of disaster. I believe if we could combine the two crews in one boat it would be more economical than having two boats and two crews. This could be under the direction of the Department of Transport or the Department of Fisheries, and if we had this service we would go a long way toward assisting fishermen on both the Atlantic and Pacific coasts.

Mr. Harrison: Mr. Chairman, I know there are a number of hon. members who wish to

speak in this debate, and they may be assured that I shall not detain the committee long in what I have to say. I shall be objective in my remarks, and conclude them as quickly as possible.

All hon. members are sent here for a purpose, and I recognize this item as one of the greatest importance to the people who sent me here. From the number of members who have spoken in regard to it, I would judge that it is of considerable interest to many constituencies.

The hon. member for Vegreville has just touched upon the Heinsburg gap, and I have noticed that the minister has some difficulty in pronouncing the name of Frenchman's Butte. That is in my riding and this particular gap is of special interest to me. In view of the discussion which has taken place I believe the minister's answer has covered the situation fairly well, and anyone who is interested either in my constituency or anywhere else may read in *Hansard* the exchange between the minister and the hon. member for Vegreville.

Mr. Thatcher: It is still a gap.

Mr. Harrison: As the hon. member for Moose Jaw has said, it is still a gap, and we are keenly interested in its completion.

Mr. Gibson (Comox-Alberni): He knows all about missing links.

Mr. Harrison: As some hon. members have indicated, we are not asking for new lines—and I want that to be clearly understood. Contracts were let; and then between 1930 and 1935 the government of the late Viscount Bennett saw fit to give the contractor a sum of money to release the government from the obligation of continuing with this construction.

Meantime many people had gone into and settled in those parts of Canada, with the understanding that the line was under construction and that if they stayed there they would be able to get their produce to market. I was pleased to note that the minister said one of the points which would be considered was as to whether the line was economical to operate, and that under that classification possibly the Heinsburg gap would not be considered.

I suggest that in the line farther north between Barnes Crossing and St. Walburg we have a line which is economical for the simple reason that it also was to connect up with the C.P.R., which runs to Prince Albert, and from Meadow Lake through to Bonnyville, and the C.P.R. were to have running rights on the C.N.R. when the C.N.R. was built. This would give the C.P.R. direct connection from Edmonton to Prince Albert.

An official of the C.P.R. who surveyed the economic possibilities of the line at that time, and was stationed in the town of Meadow Lake, gave voice to the idea that it was an economic proposition.

Just to give some idea of how far the economy has come since that time, I have here a letter from the president of the board of trade at Meadow Lake which I received this week. I believe in my maiden speech I made mention of the grain shipped out of Meadow Lake. Since then some hon. members have doubted whether that would be possible. The president fortifies my first remarks, to the effect that there have already been a million bushels of grain shipped out of the town of Meadow Lake up to the 15th of October this year, and that there will be over two million more shipped from that point. Part of this grain comes from the territory not served by the railway; and, as I mentioned before, a million dollars' worth of grass seed was also grown along that line last year.

At the time the economic survey was made the town of Meadow Lake, for instance, produced little grain at all, possibly 100,000 or 200,000 bushels at the outside. At the present time the president writes me that a whole trainload is going out of the town of Meadow Lake every day. The hon. member for Vegreville mentioned the Redwater oil fields as being along this line. The town of Meadow Lake alone uses some 3,000,000 gallons of gasoline in a year, and it is just one point on the line. There are many other towns. As a matter of fact, within my constituency there are some 20,000 people in the region adjacent to it who would ship their products thereon.

Therefore there is no doubt about the economic factor. The other consideration is the fact that the government at one time committed itself to construct the line. They built most of the grade and left a small gap. There is no steel on that part of the grade.

As a result of the action of the government at that time, people settled there, and in spite of the transportation difficulties are now out-producing any other part of Saskatchewan. It is necessarily very good land, and there is no doubt about the economic value. That is one point I want to bring to the attention of the minister. I am not going to ask him, as the hon. member for Vegreville did, when it will come about. I know that he will make proper representations to the Canadian National Railways. As I have said, the action of the C.P.R. hinges entirely on when the C.N.R. line is constructed because the C.P.R. have running rights over the C.N.R. line when it is built. As soon as the

C.N.R. line is constructed the C.P.R. will no doubt extend their lines from Meadow Lake to Bonnyville and then run over that line.

The official of the C.P.R. to whom I have referred made a survey of the economic possibilities of the land some years ago and said at that time that when the line was completed his company intended to run a daily train between Edmonton and Prince Albert each way. If it was economically possible at that time it is ten times more so now. I think I have taken up as much of the time of the house as is necessary to place the case of the people of that district before the minister.

Mr. Green: Mr. Chairman, we have had a most interesting discussion this afternoon on the question of a coastguard. I have nothing to add to it because the ground has been well covered, but I think the minister can be quite sure that there is great interest, in the coastal areas of Canada and also in the great lakes area, in the establishment of a coastguard service for Canada. I should like to suggest to him that he ask the standing committee on marine and fisheries to go into the question. That committee has to meet at this session in order to deal with the bill being brought in by the Minister of Fisheries, or at least we were told last night that was probably what would be happening.

Mr. Mayhew: That is right.

Mr. Green: I think the committee could perform useful work if it also gave consideration to the question of a coastguard. Practically every hon. member who has spoken today on the subject is a member of that particular committee. I do not believe it would be wise to let the matter drag along. I believe if the standing committee on marine and fisheries were to consider it there would be far more chance of getting something done at an early date than if we merely have a discussion now and drop the matter. That is particularly so because it is a job of co-ordination, a matter of getting different departments together. The interdepartmental committee which the minister mentioned has been considering the question for quite a long time.

Mr. Chevrier: No, it has not. It is just a recent appointment.

Mr. Green: I have a press dispatch from Vancouver dated April 16, 1949. It reports that the minister's deputy, Mr. Lessard, and the chairman of the Canadian maritime commission, Mr. Clyne, met representatives of thirteen coastal organizations in Vancouver to discuss the possibility of a coastguard service for British Columbia. Apparently Mr. Clyne is chairman of the interdepartmental committee. He said at that time that they were there to listen to arguments for a coastal search and rescue service, that they had an open mind, and that a committee had been set up to study requests for such a service made by persons and organizations on both coasts. Will the minister tell us whether there has been any report to him yet by the interdepartmental committee? Will he also say whether he has any objections to having the problem considered by the standing committee on marine and fisheries?

Mr. Chevrier: As to the first question, there has been no interim report. As I indicated a moment ago, the matter is under discussion by the committee. It is a tremendous problem and one which it is not easy to determine without consideration of many factors. The hon. member seems to think we are going to have a discussion and then drop the matter. Perhaps he could have said that last year but certainly not now when, following the debate of last year and for other reasons, it was decided to set up a committee. Therefore the matter is not being dropped; on the contrary it is being studied by that committee.

With reference to the second suggestion, I do not think that it would be proper, when one committee is already dealing with the matter, to submit it to another committee for consideration.

Mr. Green: One would be a house committee and the other is an interdepartmental committee.

Mr. Chevrier: I know, but without having gone into it fully I would rather be inclined to await the report of the interdepartmental committee before submitting the question to a house committee.

(Translation):

Mr. LaCroix: Mr. Chairman, I wish to take this opportunity to request the government to oppose, through a representative with the board of transport commissioners, the proposed rate increases suggested by the Bell Telephone Company, which, to my mind, do not seem reasonable. I believe it is the government's duty to so act, for not only shall we have to pay more for our own telephones, but the increase in rates will perforce be a charge upon federal, provincial and municipal governments, a charge which will have to be borne by each and every one of us through taxation. Consequently, I believe that we should do everything it is humanly possible to do in order to force the

Bell Telephone Company to show proof of the absolute necessity of this increase in rates before the request is granted.

In the spring of 1948, the Bell Telephone Company submitted a petition to parliament for an increase in its capitalization.

This application was granted only after a promise was made by Mr. Munnoch, K.C., the representative of the company before the standing committee on railways, canals and telegraphs, as you will see at page 15 of the committee report under date of May 11, 1948. This was a reply given to Mr. Campbell, a member of the committee, and it reads as follows:

Mr. Campbell: A while ago, I asked a question that went unanswered. What I wanted to know is this: The company is going to spend $1,000,000 on rights of way, $42,000,000 on land and buildings, $97,000,000 on the building of centrals, $95,000 on the building of stations, $86,000,000 on city lines, $26,000,000 on trunk lines and $15,000,000 on general equipment, which adds up to $362,000,000. Can you meet those expenses and still maintain your present rates?

Here is Mr. Munnoch's reply:

Mr. Chairman, if I may reply, I would say that the total amount of the capital we are requesting will not all be issued at one time. It will be issued from time to time, as required for new facilities of the kind mentioned by the hon. gentleman.

As new facilities develop, they will become productive, that is to say they will yield revenues. It is impossible to say what will happen to telephone rates, but I can say that at the present time the company has filed no application with the railway board for an increase in rates and has made no preparation for filing such an application. We have carried on through the war period, and by reason of economies and technological improvements in telephony, we have been able to maintain our present rate structure since it was established in 1926. Now, as to the future, as long as by economies and technological development we can maintain our rates, we intend to do so but if the economic conditions under which the company has to operate compel us to seek higher rates, then the company will seek them. Such, in so far as I can describe, is the situation at the present time.

As far as I am concerned, I never believed that promise made by the Bell Telephone Company and I voted against the second reading of the bill asking for that increased capitalization, as will be seen on page 3506 of *Hansard*, volume IV, 1948 session.

The foregoing statement by Munnoch calls for a very close scrutiny. If the Bell Telephone Company was able to maintain its rates without change from 1926 to 1948, what has happened between 1948 and 1949 for the company to decide suddenly to ask for increased rates? Has the company lost some of its efficiency? Has it stopped advancing in the way of technical progress? Have its operation costs increased more in one year, from 1948 to 1949, than in the previous twenty-two years, that is from 1926 to 1948? Has it ceased making profits?

No, Mr. Chairman, by its present attitude the company is turning its back on the Canadian people, as represented by one of its parliamentary committees. I believe the only answer we should give to that monopoly is to have the federal government socialize it and in my estimation, Mr. Speaker, if we want to destroy the forces of communism, we must give satisfaction to the people who pay for public services; that is the best means at our disposal.

You know as well as I do, Mr. Chairman, that the Bell Telephone Company purchases all the material, all the technical equipment it needs from the Northern Electric Company without calling tenders from any other company.

I submit that part of the so-called "operating expenses" are distributed to the Northern Electric Company, a subsidiary of the Bell Telephone Company, made up of a few shareholders of the latter company. The profits of the company are not disclosed; they dare not distribute the profits of the Bell Telephone Company to its shareholders. And that is why, last year, the company increased its capitalization in order to spread out over a larger number of shares the profits remaining after the leakage intentionally directed towards the Northern Electric Company. The intention behind all this is to be in a better position to ask for an increase in rates, the shareholders supposedly earning practically nothing. An attempt is being made to conceal from the public the actual dividends earned and even to prevent the public from benefiting from this company's profits. It is a social injustice about which I appeal to the members of this house and, through you, Mr. Speaker, to the country as a whole. Since 1927, the Bell Telephone Company has never divulged the slightest part of its profits to the public, and has never effected any important revision in its rates.

Once more, do we wish to prevent the increasing communist forces from invading our country? Let us give the man in the street, who wants to live and breathe freely in this sunny land of ours, the means of living here; and let us give the people of Canada public utilities genuinely concerned with the people's interests.

As I said in this house in 1938, I maintain that part of what is called "operating expenses" is distributed to a Bell Telephone Company subsidiary, the Northern Electric Company, which has only a few shareholders. Profits are concealed by the directors. They do not dare distribute them either to the Bell Telephone Company nor to its shareholders. These tactics serve to cloak the real dividends. In this way, the public cannot benefit from the profits accumulated by the company. It is a social injustice, and typical trust behaviour.

In its issue of December 29, 1936, *Labor*, a Washington publication, supplies interesting details concerning those reprehensible practices:

> The federal communications commission has investigated the Bell Company and another manufacturing concern which is one of its subsidiaries, the Western Electric Company Incorporated. The investigators found that about $500 million of the Bell Company's value equipment is watered stock, sheer water.

Cyrus G. Hill, the board's chief engineer, explained how the American Telephone and Telegraph made such tremendous profits. He stated:

> The Bell Telephone Company buys 92 per cent of its equipment from Western Electric, thus preventing all competition and making it possible for Western Electric to charge whatever they want. The money simply passes from one of the Bell Telephone Company's coffers to another.

Reference is made in the same article to the instrument commonly known as the French phone.

> Because of extra charges, the company has made an additional profit of $24 million. The extra charges were made on the grounds that these telephones entailed additional expenses for the company. This claim is unfounded, said Mr. Hill. Actually, the new telephone permits colossal economies, by doing away with manufacturing costs of wires and other expenses totalling more than $85 million.

That is the method used in the United States.

The part played there by the Western Electric Company Incorporated in relation to the American Telephone and Telegraph Company is the same as that played in this country by the Northern Electric Company in relation to the Bell Telephone Company of Canada.

I have here a document which clearly shows how the Northern Electric Company is controlled by the Bell Telephone Company. I have managed to obtain the list of shareholders of the Northern Electric Company. It is quite short. It shows that there are only two big shareholders: the Bell Telephone Company of Canada and the Western Electric Company Incorporated. The first holds a block of 456,640 shares and the second a block of 353,130. The Western Electric Company is that very company mentioned by investigator Hill's report.

Here is the list:

	shares
Hon. Thomas Ahearn, P.C., c/o Ahearn & Soper, 56 Sparks St., Ottawa, Ont.	25
W. F. Angus, c/o Dominion Bridge Co., Ltd., P.O. Box 4015, Montreal, Quebec	25
Bell Telephone Co. of Canada, Beaver Hall Building, Montreal, Quebec	456,640
E. S. Bloom, c/o Western Electric Co., Inc., 195 Broadway, New York, N.Y.	10
Hon. A. J. Brown, K.C., c/o Montgomery & McMichael, 360 St. James St., W., Montreal, Quebec	25
R. H. Gregory, c/o Western Electric Co., Inc., 195 Broadway, New York, N.Y.	10
J. D. Hathaway, c/o Northern Electric Co., Ltd., 1261 Shearer St., Montreal, P.Q.	25
L. B. McFarlane, 400 Mount Pleasant Ave., Westmount, P.Q.	25
R. H. McMaster, P.O. Box 1650, Montreal, P.Q.	25
C. F. Sise, c/o Bell Telephone Co. of Canada, Beaver Hall Bldg., Montreal, P.Q.	25
C. G. Stoll, c/o Western Electric Co. Inc., 195 Broadway, New York, N.Y.	10
Western Electric Co., Inc., 195 Broadway, New York	353,130
Which makes a grand total of	809,975

Mr. Speaker, I wish to stress the fact that no Northern Electric Company shares are available on the market. No one can buy them. They are all held by the people I have just mentioned.

On the other hand, I am not the only one to allege that the Bell Telephone Company has the absolute monopoly of a great public service. Here is a reply given in 1938 by the present Minister of Trade and Commerce, who was then minister of transport, as reported on page 935 of *Hansard*, volume I, 1938 session. I quote:

> We must all recognize that the Bell Telephone Company has a monopoly of a great public service in the districts in which it operates, and it is entirely sound government to provide that a public service monopoly shall be regulated as completely as possible.

The Deputy Chairman: Order.

Mr. LaCroix: Therefore,—

The Deputy Chairman: Order. I am sorry to interrupt the hon. member. I have listened to him with much attention since he began his remarks, and I notice that they do not relate in the least to item 453. He is now discussing monopolies, asking whether the government should not do something to prevent them. We are now on item 453 of the Transport estimates, and I do not think that it is in order to ask the minister (Mr. Chevrier) to state his views on the matter of monopolies.

Mr. LaCroix: Be that as it may, Mr. Chairman, I shall conclude by saying that I hope the government will take whatever action is necessary for the protection of the public, in seeing that it is properly represented before the board of transport commissioners.

(Text):

The Deputy Chairman: May I remind all hon. members that there has been a lengthy discussion on item 453. I think I have given all the necessary latitude to hon. members to discuss general matters. Several members have raised points which, perhaps, could have been more properly raised on specific items. If any progress is to be made, I would venture to suggest that this general discussion should not last much longer. I understand that a few more hon. members wish to take part in the discussion, but I would ask the co-operation of all the members to facilitate the early passing of this item. Then, we could carry on with a discussion of the other items.

Mr. Gillis: I am not going to pursue the subject mentioned by the last speaker. The subject I am going to raise is not covered by any item in the estimates, so that the only time I can raise it is on the general item. I am bringing the matter forward now because I desire to secure a statement of policy from the minister on employment on public works projects falling within the jurisdiction of the Department of Transport.

The minister knows something about the question I am raising because I wrote to him about it early in the session. It has to do with employment at the Sydney airport, and it appears as though many men would be required on that work. There are many unemployed in the area. According to the telegrams and letters I have received from both individuals and organizations, anyone applying for employment at that airport is obliged to go to the two defeated candidates in the riding, one a druggist and the other a local magistrate, and secure from them a slip entitling the person to employment.

I should like to point out to the minister that the government maintains a chain of employment offices across this country known as national employment offices. In these offices there is a veterans' counsellor who is supposed to see that the veterans get preference in employment, particularly on public works projects. These offices have a list of all the unemployed in the community, and know the trades or vocations for which these people are fitted. The officers in these employment offices know the men who have been unemployed the longest, and generally try to give preference to the men with families.

[The Deputy Chairman.]

As a result of the sort of action I have brought to the minister's attention, men have left employment, secured a slip and taken a job on this construction project. If we are going to justify the maintenance of these national employment offices, then I think it should be the policy of the government to give employment through them. The minister, who has supervision over public works projects, should notify all concerned to that effect. I believe patronage is a throwback to the past. We are starting to build Canada as a nation. We are going to amend our own constitution, and I believe it is time that vicious system of patronage, which creates unrest and disunity in a community, was abolished. I should like the minister to tell me whether it is his policy to route employment on projects under his supervision through the employment offices.

Mr. Chevrier: I believe my hon. friend knows full well that that is not the policy of the department.

Mr. Knowles: I believe it is the other way round.

Mr. Chevrier: What did I say?

Mr. Knowles: The member just asked if it was not the policy of your department to route employment through the national employment office and you have said, "No, it is not."

Mr. Chevrier: It is not the policy of the department to exercise patronage in connection with any of these jobs. I told my hon. friend, and I thought I had satisfied him, that the point did not arise on that project. Why? Because the contract for the work at the airport was given to an individual contractor. Once the contract is given out, I can tell the member immediately that neither I nor the officers of the department assume any control over the employment of men by the contractor; that is his responsibility. We exercise control over the work. I would be greatly surprised to learn that any of our officers had given instructions to the contractor.

As I indicated in my reply to the hon. member, if he can tell me of such a case I shall be glad to look into it immediately. In the instance mentioned, I do not see how the question could even arise since the contractor is the one who employs the men. The information I received concerning his method of procedure is to the effect that he secured his workers through the employment offices of that district. If my hon. friend shakes his head that that is not the case—

Mr. Gillis: That is not the case.

Mr. Chevrier: Then, I have no authority in that regard because, once the contract is given out, the responsibility lies with the contractor.

Mr. Gillis: I am not going to argue with the minister, but he is cutting corners. The minister let the contract. During the war there was a clause in those contracts outlining the basis upon which employment should be given. If use is not made of these employment offices for that purpose, they should not be there. Money is being wasted. If someone outside looks after employment, the veterans' counsellor is rendered impotent so far as doing the job he should be doing is concerned. The contract is let by the Department of Transport, and there should be some understanding as to the basis upon which employment is granted.

I am not asking favours. I am merely asking the minister to see that the facilities provided by the taxpayers' money are being used. I believe the project at Sydney will be fairly large, with a couple of million dollars being spent on it. The employment offices in that district are efficient, and I know they would do an excellent job if there were no interference. I know it is not the minister's policy, and I know no official of his department would issue those instructions. But it is the unwritten law that defeated candidates or members in a riding who represent the government have the patronage, and that old system goes on. It is outdated, however. You replaced it with your employment agencies, and I think it is time we started them to work. If it is not the policy now, I believe that in future, with regard to any contractor who is doing a public works project, there should be a clause in his contract to the effect that anyone employed on that particular job should, so far as possible, be obtained through the employment agencies. Those agencies have lists and all that kind of thing. While the minister assured me that it is not the policy of his department—and I believe him—at the same time he has now made a public statement to that effect and it goes across the country. That is why I asked him that question.

Mr. Murray (Cariboo): If it is good to attack the minister, it should also be good to say some good words in his behalf. I should like to say that there is no patronage in my part of the world. We have six big airports up there. We are spending millions of dollars. But I have not been consulted, nor have any of the members of my organization which, Mr. Chairman, is the Liberal organization in the district. I hope that you are not going to bar Liberals from working on these projects. I want to say that in the northwest country there is not any patronage. That goes for my friends from the Yukon, the Cariboo country and along the northwest staging route where important work is being done. In fact, a little bit of patronage might help one out somewhat.

Mr. McLure: A few moments ago, Mr. Chairman, you said that we should not take too long on this item. A good many things have been said today. As to the coastguard, I must say that is a matter I spoke on here once before but it has been put away in mothballs, as someone said today, for safekeeping. I hope the minister will be in a position to look into the matter of the coastguard service on the Atlantic. I rise at this time, however, to speak on another matter. I had intended to do so earlier, but I could not get an opportunity inasmuch as I could not catch the eye of the Chairman, not being able to jump up as quickly as can some of the other hon. members.

I should like to have brought this matter to the attention of the committee at the beginning. It has to do with the item before us, item 453, and is with regard to the amount of money that is being spent in Transport. The total vote in the main estimates this year is $76,147,629. That is an increase from last year. I am glad to see the increase because in my constituency we hope to get an increase in the various subsidies, grants and so on and the work to be accomplished there. In addition to this $76 million, however, we have in the details a report giving us what the money is spent for, but it does not give us the details for the total amount. There is some $11,414,429 in the main estimates for which we have no details whatsoever. We do not know what it is being spent for, only under one name and one item.

Let us take, for instance, the item we are dealing with. There is an amount of $836,737 that we are voting on. On that item, we have details for $357,655. But we are voting the whole amount, and there is an amount of $381,632 as to which we have no details whatsoever. We are asked to vote the usual blank cheque for it. While it does not seem to be a great deal of money in these times, I think this committee should have some idea as to how this money is being spent or misspent. It is all under the one item called temporary assistance. On several occasions I have brought this matter to the attention of the committee. I believe the committee should have some idea as to where this money is going and how it is being spent. If it could not be done for the year that is being voted, we might have it for the past year.

In this connection I might also say that if we cannot have all the details, we should have a certain amount of them. I know that

in some departments—and possibly it is so in the Department of Transport—they are no more guilty with respect to these amounts they ask a blank cheque for than are others; the Department of Transport is no more guilty than all of the others. But there may be certain reasons that they cannot give or do not give a breakdown or give any details at all. On former occasions I have brought this matter to the attention of the ministers of some other departments. I believe that this committee is entitled to know at least some of the details with reference to the item. I know full well that it is an important vote especially in an election year. I know that if I were in the government I would be looking out and trying to get as large a proportion of it as it was possible to get. But I still think we ought to know how this money is being spent or misspent.

Mr. Chevrier: May I just say this in reply to my hon. friend. Dealing with item 453, I think all the details that can be given are to be found on page 274 of the estimates. There is a detailed list of permanent assistance. It is true there is not a detailed statement of temporary assistance because it is temporary and it is not possible to give the same information as for permanent employment.

Mr. McLure: I know that.

Mr. Chevrier: If you add the two together you get a total of $836,737, which is fairly detailed; it is fully detailed as to permanent employment.

Mr. McLure: Yes.

Mr. Chevrier: May I complete my reply. With reference to the statement which the hon. member makes that some $11 million is to be found in the estimates, for which there are no details, let me say this. I have not added them up, but I would take it that the temporary assistance accounts for a large portion of that. In any event, this is the manner in which our officers have to prepare the estimates for the Department of Finance. It may not be the correct method but the departmental officers in Transport have to follow this form. As I said, it may be that it would be well to change that method but they have to satisfy treasury first of all; and having done so I think that is as far as I can go, other than to call it to the attention of my colleague, the Minister of Finance.

Mr. McLure: I quite understand the view that the minister takes of the matter, which is quite correct in one way; that is, in this total vote of $836,737 the full details are given for $357,655. Last year there was a similar vote for temporary assistance. If we had even had a breakdown of what it was last year, how much went for wages to this person or that, or what was purchased, it would be something. I know that in preparing the estimates he probably cannot tell what the temporary assistance is going to cover; but it could be detailed from last year's estimates. It does not seem fair to have to vote this large amount of $131 million, a blank cheque for all the departments. It is a lot of money to vote without the committee or the house knowing how it is spent or to be spent.

Mr. Chevrier: As I said a moment ago, the method that is followed in this estimate book is a method approved of by Finance. I shall be glad to bring my hon. friend's comments to the attention of my colleague, the Minister of Finance.

Mr. Thomas: Can the minister tell me whether or not any consideration has been given to the building of a spur line from Edmonton to Devon? Devon is right in the home of the Leduc oil fields. Contrary to the publicity given to the Redwater fields—

Mr. Chevrier: Is it Canadian National or Canadian Pacific territory?

An hon. Member: Canadian Pacific.

Mr. Thomas: I believe it is Canadian National, but I am not quite certain. The fact is that the town of Devon has absolutely no rail outlet. It is right in the middle of the Leduc field which is, contrary to some opinion, a great deal larger than the Redwater field. As a matter of fact the Leduc field contains 294 wells, as compared with 127 in the Redwater field, and produces 27,466 barrels of oil weekly as compared with 13,408 barrels from the Redwater field. The Redwater field does have an outlet to the Canadian National Railways running into Edmonton. Can the minister tell me whether or not anything has been done about this spur?

Mr. Chevrier: If it is Canadian National territory I am sorry to have to tell my hon. friend that I am not familiar with it. I am not aware that any consideration has been given to it. If it is in the territory of the Canadian Pacific Railway I would not be aware of it in any event, but I shall be glad to inquire and find out what the situation is.

Mr. Thomas: The reason I am not quite certain of it is that it is west of the main line between Edmonton and Calgary over the Canadian Pacific Railway, and it is also south of the main line of the Canadian National Railways between Edmonton and Calgary. I could not say exactly just in which area it comes.

Mr. Chevrier: It appears to be Canadian Pacific, but I shall look into it.

Mr. Knowles: First of all, Mr. Chairman, I should like to say a word on the point that was raised by the hon. member for Queen's, concerning which the minister made one or two comments. I would agree that the practice referred to is not one which should be laid at the door of the present minister. It is the same practice that is used in all the departments. In view of the fact that the hon. member for Queen's has raised this point on one or two previous occasions, consideration might be given to it. I am glad to know that the minister will take it up with the Minister of Finance to see if greater detail can be given in so far as temporary assistance is concerned. The phrase "temporary assistance" includes a great many civil servants now known by that interesting phrase "temporary permanents". Some of them have been employed just as long as some of the people who are listed as permanent employees. It would remove the feeling that we are voting a lot of money for which there is no detail if at least this practice could be followed, namely, the listing of temporary permanent positions in the same detail as the permanent positions are listed. I would agree that it is a matter of policy in building up the estimates, but I am glad to know that the minister will take the matter up with the Department of Finance.

The other I should like to say is that I support wholeheartedly the protest made by the hon. member for Quebec-Montmorency against the attempt to get an increase in telephone rates in Ontario and Quebec. I was not able to follow as closely as I would like to the remarks that he made in his own tongue; but I noted in particular that he had something to say about the assurance given to the committee on railways, canals and telegraph lines by Mr. Munnoch in the session of 1947-48, to the effect that the Bell Telephone Company, at that time, had no thought of increasing its rates. I noted also what he had to say about the relationship between the Bell Telephone Company and the Northern Electric, at the same time saying that that relationship was similar to one between the American Telephone and Telegraph Company and the Western Electric in the United States. One of the reasons—

Mr. Chevrier: I do not want to interrupt my hon. friend but I hope he will not take advantage of this estimate to go into a discussion on Bell Telephone rates. Surely there can be no reason for that. My hon. friend can discuss it in a number of other places, but why we should get into a debate on that at this time is certainly beyond me.

Mr. Knowles: Does the minister say it is not in order here?

Mr. Chevrier: I am asking my hon. friend not to persist. If he insists, all right. I do not think it is in order.

Mr. Knowles: If the minister will indicate an item in his estimates on which I might discuss it—

Mr. Chevrier: I do not think there is any item in my estimates under which it can be discussed. As I said in the house previously, I do not think the government has any jurisdiction over the application of the Bell Telephone Company for an increase in rates. It is true that the board of transport commissioners has; but it is only by way of appeal, under section 52, that the government might be directly concerned.

Mr. Knowles: I suggest, Mr. Chairman, that the government is concerned because the board of transport commissioners is related to and comes under the Department of Transport. The government is concerned because it would have to be the final referee if there was an appeal under section 52. The government is also concerned because its own telephone bill will go up if the increase is allowed. It seems to me—

Mr. Chevrier: If the government were making an application for an increase or were increasing its own telephone rates my hon. friend would be quite in order because we operate telephone lines and telecommunication systems. It does not follow—

Mr. Knowles: What I said is—

Mr. Chevrier: Excuse me. It does not follow, because the Bell Telephone may increase or may be authorized to increase their rates, that the government telephone rates will be increased.

Mr. Knowles: I am sorry the minister misinterpreted what I said. What I said was that if the rates of the Bell Telephone Company go up in Ontario and Quebec it will cost the government more money for the telephones that they have right here in Ottawa and throughout these two provinces.

Mr. Fournier (Hull): We have special contracts.

Mr. Knowles: I beg your pardon.

Mr. Chevrier: I ask you to rule on this question, Mr. Chairman. If your ruling is to the effect that the hon. gentleman can discuss this matter then we are likely to have a debate on the application which is now before a court, a matter which is *sub judice* and should not be discussed.

Mr. Knowles: Before you make your ruling, Mr. Chairman, may I make two submissions. The first is, whether or not I am starting a discussion which is going to take time, whether or not it will result in a long discussion, is no point of order at all. On the point as to whether the matter is *sub judice*, I suggest that the application has been filed but has not yet been set down for hearing, and until the board of transport commissioners does set it down for hearing—in fact I might even argue that until they actually start hearing it—it can hardly be said to be before a court of record.

Mr. LaCroix: I do not think any petition has actually been presented yet.

Mr. Chevrier: Yes, it has. I am aware that it has been.

Mr. Knowles: There we are. Now we know that the government is interested.

Mr. Chevrier: I am not going to let my friend get away with that statement. "Now we know that the government is interested" is not a fair statement.

Mr. Knowles: If I gave any offence to the minister I shall withdraw it. I meant something entirely different from what the minister took from the statement.

Mr. Chevrier: Then my hon. friend should say what he means, and we would not get into these entanglements.

Mr. Knowles: I mean that this whole business of these telephone rates, and the whole question of matters before the board of transport commissioners, is not something apart from the administration and the concern and the interest of the government. The minister says he knows that the petition has been placed before the board of transport commissioners. I submit that anything that he, as a minister of the crown, is connected with is a subject that can be discussed on the floor of parliament.

Mr. Fournier (Hull): Mr. Chairman, it will be found that item 88 in the book of estimates refers to an item in the Department of Finance for telephone service at Ottawa. We do have dealings with the telephone company, and that would be one item the hon. member could use to discuss the matter.

Mr. Knowles: Not unless it comes before the board of transport commissioners starts to hear the application.

The Deputy Chairman: As I said before, we had a fairly long discussion, which amounted almost to a general discussion, on item 454, which was carried the other day, and which dealt with the board of transport commissioners. The subject the hon. member mentions might more properly have been dealt with at that time. Of course we are having another general discussion on item 453 which, as I said a while ago, thus far has lasted several hours. The minister has brought to the attention of the hon. member who has the floor the fact that this matter is now *sub judice*. As the hon. member will know, if that is so—and perhaps he might take the word of the minister for it—he might refrain from discussing the question further.

Mr. Knowles: Mr. Chairman, I am not a lawyer, and I cannot go into the fine points as to when a subject is or is not *sub judice*. I could hope that some of the lawyers, about whom I frequently say unkind things, would turn the other cheek and come to my assistance. The board of transport commissioners has not set a date for the hearing of the application—maybe it will never be heard. How you can take the minister's statement that a petition has been filed as proof that the matter is *sub judice* seems to me to be going too far. As a matter of fact my hon. friend from Quebec-Montmorency was permitted to make a lengthy speech in the matter on this very item.

The Deputy Chairman: May I interrupt; I did not make a ruling. I did not say the hon. member was out of order—yet. I merely asked the co-operation of the hon. member to conclude this discussion as soon as possible. I understood when he rose he was to speak only a few moments in the matter.

Mr. Knowles: I would have been finished by now.

The Deputy Chairman: Does the hon. member say he is finished?

Mr. Knowles: No, I said I would have been finished by now if the minister had not interrupted.

The Deputy Chairman: The hon. member may go on, taking into account the remarks I have made.

Mr. Chevrier: I wish to have a ruling on two points, first that under this item we cannot have a discussion of Bell Telephone rates. I do not think there can be any doubt about that. I submit, with respect, that this is not the place, of all places, to discuss the question of monopoly or the rates of the Bell Telephone Company. Secondly, the moment an application is filed before the board of transport commissioners, whether a date is set for the hearing or not, the matter is then in the hands of the board of transport commissioners and, of necessity, is *sub judice*. For those two reasons I submit it should not be discussed.

The Deputy Chairman: I wish to be fair to both parties. Therefore since it is close to

six o'clock perhaps this point of order raised by the minister may stand, and a ruling may be given later.

Item stands.

Progress reported.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, on a question of privilege, I wonder if I might ask the indulgence of the house. I happen to be the sponsor of the last bill on the order paper, under private bills. I understand that the first private bill is likely to provoke some debate. Mine is a simple non-contentious matter. The bill simply changes the name of a society by dropping the two words, "and Newfoundland". I wonder if I might ask the indulgence of the house to call this bill first.

Mr. Speaker: Has the hon. member the unanimous consent of the house to call Bill No. 116, No. 32 on the order paper?

Some hon. Members: Agreed.

BRITISH AND FOREIGN BIBLE SOCIETY

Mr. Donald M. Fleming (Eglinton) moved the second reading of Bill No. 116, respecting the British and Foreign Bible Society in Canada and Newfoundland.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

ALBERTA NATURAL GAS COMPANY

Mr. Ralph Maybank (Winnipeg South Centre) moved the second reading of Bill No. 66, to incorporate Alberta Natural Gas Company.

He said: In moving second reading of this bill—

Some hon. Members: Louder.

Mr. Maybank: I shall get my voice in a moment. So far I have only said about four words of any importance, and they were not controversial. I shall speak a little louder from now on. In moving second reading of the bill, I would simply say that it is an incorporation similar to a number that have passed the house already. Following upon the discovery of so much oil and gas in Alberta, there were a number of combinations of persons who came before parliament to ask that they be granted charters by way of special act in order to pipe oil and gas from Alberta to other parts of this continent. I believe in the second last session of parliament certain applicants came forward but were stopped until the government decided on a general policy. The general policy was decided upon, as many hon. members of the house will recall, toward the end of the last session of the last parliament.

A bill was passed, which we call the Pipe Lines Act, with a view to regulating the whole business course of any such companies, and in particular the route that any pipe line might take. Following upon the passage of that measure, as many hon. members of the house will recall, several companies were incorporated. There was one company—I do not know whether its name last session was the same as in the present bill, but I think it was—which failed to receive its charter at that time. I believe I would be correct in saying that it was because of the fear that it would route its line to certain parts of the United States. Whether or not I am right in that perhaps does not matter, but that is my recollection.

The same people are now seeking a charter. The bill before the house is either exactly the same as the other bills which resulted in charters to these various other applicants, or else it is so close to them that there is not very much difference. I have noted myself this evening for the first time in the powers set forth in the bill that the company is taking the power to route its lines anywhere within or without Canada, which is different from another bill I sponsored last session. Of course the fact that they are asking for such power, and that they might be given such power, by no means determines that any line will be taken outside Canada. The policy that parliament set forth in the Pipe Lines Act last year was that all such decisions as to routes and many other things were to be determined by the board of transport commissioners, which was given power to hear and decide upon all applications of that sort under the Pipe Lines Act.

Therefore this bill is merely an incorporation, and it does not imply that pipe lines will be built outside Canada. At the same time, I think it would be right for us to assume that in this case, so far as the transport of gas out of Alberta is concerned, a pipe line will probably be routed below the forty-ninth parallel if the board of transport commissioners agrees. At any rate, it is right that we should assume that, because certainly I do not wish to tell the house that it will not be so. I do not know whether or not it will be. The information that has been given to me is that five different pipe

lines have been surveyed, and I understand some of them are outside Canada. I suppose the facts will all be laid before the board of transport commissioners and it will determine where the route will go. Therefore it is just as well to assume that an application will be made to the board of transport commissioners to permit a line to be built outside Canada.

Mr. Green: Did the hon. member say five lines have been surveyed; and by that does he mean surveyed in the engineering sense?

Mr. Maybank: Yes, five different routes have been considered and sufficient survey made of them that there are plans of all five to be placed before the transport board. That is what I intended to say.

Mr. Cruickshank: If I may ask a supplementary question, are they to be placed before members of parliament, too?

Mr. Maybank: My information is that all these plans will be available to the committee of this house, so the answer to that question is yes.

My next comment is that in connection with pipe-line routes and everything else related to the transmission of gas or oil, in addition to the control of the transport board the province of Alberta is exercising control. That province, for instance, requires that gas shall not be taken out of the province until the needs of Alberta are met. The mere fact that a group of applicants are granted incorporation by this house does not mean that any gas can be taken out of Alberta without the consent of the government of that province. Indeed I am quite sure every hon. member knows that this parliament could not give any such right, in any event. Probably it is also well known by hon. members that Alberta is undertaking to exercise careful and strict control with respect to gas and oil.

There is one other control I think hon. members might keep in mind when considering any arguments that may be advanced in reference to gas being exported from the country. No gas can be taken out of the country except under permit granted by the Department of Trade and Commerce under the Electricity and Fluid Exportation Act. There can be no export of gas or electricity—electricity does not come into this question, but it happens to be in the title of the act—without permission of the Department of Trade and Commerce. Any permit of this kind given to a company is an annual permit, and renewal could be refused if there were any tapping of the line outside Canada, or anything like that. It would be a simple matter, of course, to turn the valve on the Canadian side and prevent any gas going across the line if there were any attempt to evade the conditions of the permit. One might look upon any pipe line going from the southern part of Alberta west across the United States to somewhere near the Pacific coast and then north into Canada again as transporting gas in bond through the United States. There would be an analogy to the transport of goods in bond.

That is practically all I have to say at this moment. This is a mere incorporation, such as we have granted many other people. The people seeking this incorporation will be in competition with many others to whom we have given the privilege of transporting oil and perhaps gas, and this bill involves nothing more than that. Those who are concerned with respect to the route this pipe line may take need have no more fear concerning this particular company than any of the other companies this parliament has already set up, and in addition there are the several controls I have mentioned. All the facts that I have not had time to mention—and indeed many that I would not even know—can be brought forward if second reading is given and the bill is referred to the appropriate committee. I do not urge the bill strongly upon the house, except in this way. When first one group and then another are granted the right to endeavour to persuade the transport board to permit them to construct pipe lines, it is hardly fair to refuse the same right to others in the same position. It seems to me that when reputable people come forward asking only that which has been given to others, and subject to proper controls, surely it is fair to give that group the same rights we have given others.

Mr. Cruickshank: Would the hon. member name the companies he referred to, which have been granted incorporation to carry oil and gas to the west coast?

Mr. Maybank: I did not say—

Mr. Cruickshank: You said several companies.

Mr. Maybank: I do not think I said any company had been granted the right to transport oil or gas to the west coast. Last year we incorporated a company called Western Pipe Lines and gave that company, subject to the approval of the transport board, the right to lay down lines anywhere in Canada, which would include the west coast.

Mr. Cruickshank: I should like to correct the hon. member, because I do not think he wants to give a false impression. As far as I know the Westcoast Transmission Company Limited is the only company on the west coast.

Mr. Maybank: I did not even know that company had been incorporated.

Mr. Cruickshank: But I am from British Columbia.

Mr. Maybank: I accept the apology, of course, but I really do not think it was necessary. As a matter of fact I have always found people from British Columbia pretty decent fellows, and everyone else likes them, so there is no need to apologize. I did not know any charter had been granted to a company specifically for the transportation of oil to the west coast.

Mr. Cruickshank: It was.

Mr. Maybank: I thought they were given power to lay down pipe lines anywhere in Canada, subject to what the board of transport commissioners might say. Certainly that was the case with the company I mentioned a moment ago, Western Pipe Lines; that is what it says. I do not think they went west; I believe this is the company which is bringing oil from Alberta south of Winnipeg down to Duluth.

Mr. Cruickshank: That is oil.

Mr. Maybank: Yes, not gas. I can see that the hon. member who has been so continually interrupting keenly desires to make a speech, and I feel that I shall be imposing upon him if I prevent him from doing so any longer. I do not want him to break the harness that so far has held him back; I have said practically all I wanted to say, so I yield my place to him.

Mr. D. S. Harkness (Calgary East): Mr. Speaker, as the hon. member for Winnipeg South Centre (Mr. Maybank) has said, this same bill was before the house last year, at which time it did not come to a vote and did not pass; and I trust it will receive the same treatment on this occasion. I am opposed to the passage of this bill because it would grant a charter to this particular company to construct a pipe line which, in my opinion, would be prejudicial to the interests of Alberta, British Columbia, the city of Calgary and Canada as a whole. I propose to discuss this bill under those three general headings. Naturally, I am here representing the constituency of Calgary East which contains a large section of the central part of the city of Calgary. The interests of my constituents in Calgary must be one of my prime concerns. I believe that the construction of the pipe line proposed by this bill would be prejudicial to the interests of the people in Calgary East.

First, perhaps I had better say something about the source of supply which this company proposes to tap. I understand that the main source of supply the company intends to use initially is a large gas field in the Pincher Creek area. Two very deep wells have been drilled there, and have disclosed the existence of a large gas field. As I remember, these wells are between eleven and twelve thousand feet deep, and each of them is rated as being capable of producing approximately 400 million cubic feet of gas per day. There is no doubt that there is a large amount of gas in the Pincher Creek area.

The proposed route runs from this Pincher Creek gas field through the Crowsnest pass and thence into the United States at Kingsgate. From there it goes down to Spokane and then west to a point between Seattle and Vancouver. The company proposes to supply the cities of Spokane, Seattle, Tacoma and Portland in the United States, with a branch line running to Vancouver, British Columbia. As was indicated by the sponsor of this bill, five routes have been surveyed by the company. The route they propose to construct is the cheapest one, and is the one I have indicated. One of the five alternative routes runs entirely in Canadian territory just north of the United States boundary. From all I have been able to learn about it, I doubt that it is a practicable route. The other three routes go through the United States for part of their length.

I should like now to say something about the general situation in Calgary so far as gas is concerned. As most hon. members probably know, the people of Calgary have done most of their heating and cooking for a long period of time by means of natural gas. There are a very few electric stoves. A good deal of the manufacturing industry in the province is based upon the use of natural gas for power and heating. Originally the source of supply of gas for Calgary was the Bow Island field between Lethbridge and Medicine Hat. That field was commencing to play out when the Turner valley gas and oil field came into existence as a big producer in 1926. For the past twenty years, our chief source of supply in Calgary and southern Alberta has been the Turner valley. It is now estimated that the Turner valley field will be exhausted within ten years.

In support of that proposition, I should like to read a statement made by the Hon. Mr. Maynard, the attorney general of Alberta, before a sitting of the board of transport commissioners held in Ottawa on September 21 and 22 in connection with an application by another company to export gas from this country. Mr. Maynard's statement reads in part as follows:

> We are very much concerned with the situation in the south. The city of Calgary at the present time is supplied by the Turner valley and it is

estimated that the gas reserves of Turner valley will be exhausted in approximately ten years. And if that is the case, then Calgary will have to be supplied by some other gas field.

There are two gas fields available in the south at the present time from which the city of Calgary could be supplied: Jumping Pound field, a little west of Calgary, and the Pincher Creek field in the southern part of the province.

We felt that the gas in the southern part of the province should be reserved to supply not only the city of Calgary, when the reserves of Turner valley are exhausted, but any other southern community, and should also be retained for the supply of other Canadian communities, such as Winnipeg and Regina, and so on.

That is the attitude taken by the attorney general of Alberta just a few weeks ago in connection with the piping of gas supplies in the Pincher Creek area to foreign sources.

I do not think there is any question that the building of the proposed pipe line to take gas from the Pincher Creek area will prejudice the long-term supply of the people in Calgary and southern Alberta. It is bound to shorten the length of time which people in that area will be able to make use of gas. I think there is no question, either, that it will prejudice them so far as price is concerned. The projected consumers in the American cities and Vancouver will be prepared to pay more for the gas than is being paid now for it for industrial and domestic purposes in southern Alberta. The argument is advanced that the price paid by those people will be not only the price of the gas itself, but the cost of the transmission of that gas.

The advantages of gas, from the point of view of handiness, cleanness and so forth, are so great in comparison with solid fuels such as coal or fuel oil that there is no question but that the people on the Pacific coast would be prepared to pay considerably higher prices than those the people of Alberta have been accustomed to paying. For those reasons, I believe the construction of this proposed pipe line would be prejudicial to the best interests of Calgary and southern Alberta as a whole.

I should like to turn now to the case of Alberta and British Columbia generally. First, only a small part of the length of the proposed line would be in Alberta and British Columbia. In other words, it would serve a minimum number of people in those two provinces, as compared with other projected schemes. In my opinion, if a gas line is built through Alberta and British Columbia it should be one which would serve the maximum number of people in both provinces, rather than the minimum. The second consideration is that the whole Crowsnest pass area in Alberta and British Columbia is supported almost entirely by coal mining. The building of this gas line through that pass would adversely affect the prosperity of that coal mining industry. From what I have been able to gather, the result would likely be the closing of about half the mines now in operation in that area owing to cutting off the markets. Another consideration is this. If this line were to be put through, as is proposed, once the line went outside Canada at Kingsgate it would pass out of our control as far as Canada is concerned and out of the control of Alberta or of British Columbia as far as the provinces are concerned. The line then going on into the United States is under United States control and gas which is going through it is under their control also. If there is any question of the failing of the gas supply, I do not think there is any doubt as to who first is going to get whatever gas is going through that line. It is all very well to say that the regulations put through by the board of transport commissioners, by the Alberta government, or by anyone else you will, are designed to ensure that Canadian needs will be served first. But once that gas has passed out of this country and is in the United States, if there is a matter of allocation of that gas as between United States cities which need it, and where there are people who are likely to be cold if they do not get it, and Canadian cities, I think one would need to be naive indeed to accept the suggestion that Canadian cities would get it. I do not think there is much question that the gas, once it is in the United States, would go to the United States cities.

Mr. Gibson (Comox-Alberni): The Americans kept us going in oil during the war.

An hon. Member: And we kept them going in fish and lumber.

Mr. Harkness: The hon. member for Winnipeg South Centre (Mr. Maybank) said that it would be a simple matter, as I think he expressed it, to turn the valve and stop this gas from going there. To begin with, it must be remembered that in this pipe line the valve would also be serving Vancouver; and if you turned the valve to prevent the gas from going to the United States, you would also be cutting off Vancouver from its supply. Therefore I do not think it would be so simple to turn the valve.

Mr. Mitchell: What would my hon. friend be doing for a shirt now if we did not get cotton from the United States?

Mr. Harkness: I do not think that interjection by the Minister of Labour (Mr. Mitchell) has much to do with gas. As a matter of fact, I think the kind of gas that he is most familiar with is not the kind of gas that goes through a pipe line.

Mr. Mitchell: Nor is what I am listening to now.

Mr. Harkness: Another consideration in that regard is this simple one. Where you are situated on a railroad, a road, a gas line, an oil line or anything else, it is much better for you to be near the start of it or along the route of it rather than to be at the end of it. If you are at the end of it, you are always likely to get the worst of the deal if there is any question of shortage difficulties or anything else along that line.

There is one other point I should like to mention in this regard, Mr. Speaker. As far as I can make out, only one gas line to the Pacific coast is a practical proposition at this time. Two of them could not operate profitably. There is not sufficient market. So it is probably going to come down to the point that a decision will have to be made some place, either here, by the board of transport commissioners, by the Alberta government or by somebody else, as to where this one line is going to run and who is going to build it. I am opposing this line because I should not even like to see it as a contender. I think that it would be so much worse than any of the other projected lines I have heard of that, as I say, I should be exceedingly happy if they had no charter and were not even contenders for securing the right to build a pipe line.

In that connection, may I say that a line through the United States such as is proposed would retard development in the northern part of British Columbia and in northern Alberta. On the other hand, a line running from the north central part of Alberta down through the north central part of British Columbia would have more influence than anything else I can think of in opening up a vast tract of country that at present is undeveloped. If the gas line to the coast and Vancouver were built along that route, it would mean the development of whole new large communities, in much the same manner as they have developed where oil fields have been discovered in Alberta during the past twenty years; for instance, in the Turner valley field, the Leduc field, the Redwater field, and so on. If on the other hand, a pipe line such as the one proposed by this company is built, you will have no development in that northern area. I have heard the argument put up that if gas is found in large quantities in northern Alberta and in northern British Columbia, it should be piped along through to Edmonton and put into the Alberta grid system which is proposed, and from there out to Pincher Creek and from there out to this other route to the Pacific coast. That sort of proposal would kill development in the north. It would take away the incentive on the part of large numbers of oil companies to drill further wells in the northern part of British Columbia and in Alberta, for this reason. Once the possible market for about half the product which a man drilling a well may expect to produce—in other words, the gas—is removed from it, a great deal of the incentive to drill in that area is gone. In that respect gas is quite a different commodity from oil. No matter where you find oil, you can transport it to market by some means or other unless you are in an extraordinarily inaccessible location. You can take it out by barrels, trucks, tank cars or, if you have enough, you can build pipe lines. But as to gas, there is only one way of marketing it and that is through a pipe line. If the pipe line which is built—and I am quite convinced that one will be built, Mr. Speaker—is not through the central part or northern part of Alberta and British Columbia, it means that the development of a great deal of our north country is going to be held back for a great period of time.

I should like to say a word or two more in connection with the way in which the building of a pipe line through that northern area would stimulate development. In order to construct the pipe line, a good deal of road would have to be built. In order to keep it maintained, those roads would need to be kept open. You, Mr. Speaker, know the effect the building of a road has on the development of any area. It opens up the area; it enables people to get in and it enables them to get their products out to market.

Another important factor is this. Once a gas line is built, the cost of building an oil pipe line along the same route would be much less than it would be if it were put through initially or by itself. You would have the route developed. You would have your maintenance of roads and so forth. The whole thing could be done much cheaper. I think there is little question that large oil fields are going to be discovered in the northern part of Alberta and British Columbia. As a matter of fact, only two weeks ago a large well was brought into production at Normandville; that was an oil well with a considerable amount of gas in connection with it.

Mr. Smith (Calgary West): Normandville is just south of Peace River.

Mr. Harkness: Yes. A gas line through the United States would make the cost of gas in Vancouver and in other southern British Columbia points greater than in the United States cities immediately to the south of them, for this simple reason. The prices people in Vancouver would pay would be the cost of the gas plus the cost of transmission. The further the gas is transmitted, of course, the

greater the cost will be; and with Vancouver on the end of the line, naturally it would pay more. On the other hand, a line through British Columbia entirely would have just the opposite effect. The people at the end of the line would be United States cities, and they would be the ones who would pay the higher price, with a relatively lower price in Vancouver and in the rest of British Columbia.

There are a few aspects of this matter which I should like to bring to the attention of this house, and which I think will affect the general national interest. The first is that the gas in southern Alberta is the most economic source of gas to transport to Regina, Winnipeg and other points east. Whether we shall eventually have sufficient gas reserves there to be able to supply Toronto, Montreal and other eastern cities nobody knows, but a number of people think so. In any event, I think it has been established that that gas can be taken more cheaply from the southern part of Alberta than from the northern part. The distance is less; the terrain is easy. Therefore the gas reserves which we have in the southern part of Alberta should be retained in this country and not exported across the border.

Next, an all-Canadian line would enable a considerable number of new industries to be started in this country. I have been given to understand that if the way is cleared for a twenty-four or twenty-five inch gas line to be constructed entirely on Canadian territory it would give rise to a new mill in Canada for the production of sheet steel to make pipe, and it would also result in at least one plant, and possibly more, being put up in order to manufacture valves, pipe fittings, compressors and other machinery necessary for the construction of such a line. On the other hand, if a large part of the length of any gas line which would be constructed is run through the United States there would not be sufficient markets for the pipe and other things needed in Canada to justify the setting up of factories for its production. We shall continue to have to buy it from other sources.

That brings to my mind another important fact, namely, the United States dollar situation. If the line runs entirely through Canada and gas is delivered to the Pacific coast cities of the United States, they will pay a price which includes the entire cost of transmission in Canada; in other words, the money that they will pay will be paid to us and thus result in a considerably greater number of United States dollars coming into this country than would be the case if part of the line ran through the United States.

The construction of a line entirely in Canada would have an important effect on employment and wages. There would not only be the increased amount of employment provided by the factories I have mentioned, but all of the wages paid out for the construction of this line would be paid in Canada, and not a major part of them in the United States. All of the wages for maintenance would be paid in this country instead of a large portion of them across the border.

From the point of view of employment and wages it is considerably to the advantage of this country to have the line run entirely through Canadian territory.

I shall mention one other point, Mr. Speaker, and then I shall conclude. If the whole line is in Canada, with the entire cost of the transport of gas paid in this country, you have to quite an extent an effect like that of a tariff. It would protect Canadian industry and Canadian wages. Let me cite an example to show what I mean. In Calgary we have a nitrogen plant which produces nitrogen products used in explosives during the war. At the present time it produces fertilizer. I am told that that plant uses more natural gas every day than all of the domestic users in the city of Calgary. In other words, it is the biggest industrial user of natural gas in Calgary and in southern Alberta. If the proposed pipe line crosses into the United States at Kingsgate it would be quite possible to construct there, not far across the United States border, a similar plant to make nitrogen fertilizer, and the fertilizer so made—they would pay approximately the same cost for gas as the Calgary plant does and the distance to transport it would be just about the same—could compete on advantageous terms so far as we are concerned in that market in the United States and in a lot of markets of the rest of the world. On the other hand, if you had a line running through Canada to Vancouver then down into the United States a nitrogen plant put up there would have added on 10 cents, 15 cents, or 20 cents extra per thousand feet of gas for transmission costs. As a result of course the Canadian plant would have that much advantage in the world markets.

For all these reasons, Mr. Speaker, I think that in the interest of Canada as a whole, and in the interest of Alberta and British Columbia, and particularly the people of southern Alberta, this bill should be voted down.

Mr. J. L. MacDougall (Vancouver-Burrard): Mr. Speaker, of all the addresses that I have listened to since coming to parliament the address by the hon. member for Calgary East (Mr. Harkness) is without question the most laborious. When I recall what has been

said by Alberta members in this house and by the provincial administration of Alberta itself, it seems to me that if the hon. member for Calgary East were to return to Calgary tonight in all probability they would fry him in oil because he is underselling the great potentialities of Alberta. In fact he has well nigh admitted that they have not gas. As a matter of fact it is a very good job that people who are interested sufficiently in bringing a gas line from Alberta to the Pacific coast are not here tonight to listen to the hon. member for Calgary East because I am sure if they were they would not invest a nickel in the project.

I am from British Columbia and I want to say that I, as one British Columbian, would be tickled to death to have gas piped from Alberta to the constituency that I have the honour to represent in this house. It is all very well for those in Calgary and Edmonton, who are enjoying the comforts of very cheap fuel, to sit back and talk about the potentialities fifteen or twenty years from now in the province of British Columbia when we may or may not have gas coming from that area into the great city of Vancouver.

I am supporting this bill because there are about twelve very simple reasons why I should do so, and I am going to enumerate them in the short time that is at my disposal. I am intensely interested in the prospect of having natural gas made available to the thousands of consumers in Vancouver. I am particularly interested that such natural gas be available to these consumers at the cheapest possible rate. It would appear that the only immediate prospect of obtaining such natural gas is from Alberta, despite the remarks of the hon. member for Calgary East.

Mr. Harkness: Mr. Speaker, on a question of privilege—

Mr. MacDougall: The cheapest route over which to build and maintain—

Some hon. Members: Order.

Mr. Harkness: On a question of privilege, I should like to point out to the hon. member, who apparently did not hear my speech, that I made no argument whatever against exporting gas to British Columbia—none whatever. It is the Canadian route about which I argued.

Mr. MacDougall: We will come to that. The cheapest route over which to build and maintain a pipe line from Alberta to the lower mainland of British Columbia is naturally over that part of the rugged Rockies which is the most suitable terrain—and the Rockies are not going to be moved tomorrow.

If part of that route should prove to be through the United States I, as a native-born Canadian, do not think that the price of gas in my constituency should be higher in order to follow a more costly route, though that route might be through only the Dominion of Canada.

I am satisfied that the Alberta government and the Minister of Trade and Commerce (Mr. Howe), in whose hands the export of gas rests, will impose suitable restrictions if the line goes through the United States, to ensure that the consumers on the Canadian Pacific coast will be served first, and consumers, for that matter, in the interior of British Columbia, who can be reached from the line, such as in the area of Trail, and the great Consolidated Mining and Smelting Company.

I am in favour of this company or any other bona fide pipe line company receiving a charter from this government. I understand this bill, as stated by the mover, is identical as to form with other pipe line bills, and has been approved as such by law officers of the crown. Whichever company succeeds first and provides cheap gas to British Columbia is, so far as I am concerned, completely and entirely satisfactory; and I hold no brief for any company in any particular sphere thereof. I do not think that any company composed of responsible people should be refused a charter by the government, thus creating a monopoly or monopolies for the company or companies already incorporated and who may or may not perform after the incorporation has gone through.

I am therefore, Mr. Speaker, heartily in favour of this government's granting the present charter.

Mr. Ray Thomas (Wetaskiwin): Mr. Speaker, I believe there are a good many points that have been overlooked in this debate. This evening I shall not say too much either pro or con, although it was my opinion that an all-Canadian route would definitely be preferable.

I have in my hand telegrams passed between the Hon. Gray Turgeon and the premier of Alberta, which I should like to place on *Hansard*. This is the telegram from the Hon. Mr. Turgeon to Mr. Manning:

> I should be glad to have answers to following questions as sponsor of the Alberta Natural Gas Company bill asking for charter enabling company to apply to board of transport commissioners also the government of Alberta and the government of Canada for authority to export gas from Alberta to Vancouver, British Columbia, and other parts of Canada, and to the United States.
>
> Question No. 1. Is the government of Alberta opposed to the incorporation by the parliament of Canada under provisions of the Pipe Lines Act of the Alberta Natural Gas Company or any other bona fide company seeking power to build a pipe line under the Pipe Lines Act? The answer to this question would be based on the assumption that the ultimate intention of such company after receiving due federal and provincial authorization is to supply natural gas from Alberta to consumers in British Columbia and any surplus supply would go to consumers in the United States Pacific northwest.

Question No. 2. Has the Alberta government decided to prohibit the export of natural gas from any particular areas or sections of the province of Alberta?

Question No. 3. What is the general policy of your government in regard to export of gas from Alberta? I would greatly appreciate receiving reply today, Monday.

In his reply Mr. Manning had this to say:

Replying your telegram October 17, the following are the answers to the questions as enumerated in your wire.

Answer to question No. 1: The Alberta government is not opposed to the incorporation of the Alberta Natural Gas Company or any other bona fide company under provisions of Pipe Lines Act but on the contrary feels very strongly that no bona fide company should be refused incorporation in that refusal would deprive the province of its right to deal with any or all legitimate companies interested in exporting gas and would restrict such dealings to those particular companies favoured by parliament for incorporation.

Answer to question No. 2: The Alberta government has not decided to prohibit the export of gas from any particular area of the province but has announced that it will not approve the export of any gas until fully satisfied that there are sufficient available reserves to meet the present and future domestic and industrial requirements of Alberta. The discovery of new reserves and/or integration of present fields could completely change the prevailing situation in any particular area.

Answer to question No. 3. The policy of the Alberta government respecting the export of natural gas is three-fold: First, to prohibit any export until fully satisfied that there are sufficient available reserves to meet Alberta's present and future domestic and industrial requirements; second, when satisfied that surplus exists over and above these requirements sufficient to justify export under sound conservation and proration practices the government will approve the export of such surplus with each application being considered on its own merits and in the light of all prevailing factors.

Third—

And I would call the attention of hon. members to this particularly—

It will be a condition of any export permit that Canadian requirements must be given first priority.

Mr. Speaker: It being nine o'clock the house will resume the business interrupted at six o'clock.

FISH INSPECTION ACT

FISH AND FISH CONTAINERS—MARINE PLANTS—EXPORT AND IMPORT REGULATIONS

Hon. R. W. Mayhew (Minister of Fisheries) moved the second reading of Bill No. 63, respecting the inspection of fish and marine plants.

He said: Mr. Speaker, on October 13, I made a brief statement on the occasion of the first reading of the bill. I shall make a further statement this evening explaining its purposes. May I say at the outset that it is our purpose to have the bill go to the committee on marine and fisheries where I am sure it will receive proper consideration and give all interested persons, both those in the house and those outside the house, an opportunity to discuss it. We have no control, of course, as to when the committee will hold its sittings, but we would hope that it would not convene too soon so that people from the outside sections of Canada might have an opportunity to attend, if they desire to do so.

At the present time the inspection of fish is authorized by two acts of parliament, namely the Meat and Canned Foods Act and the Fish Inspection Act, the latter covering fish other than canned. It is the latter act that now requires revision.

On moving second reading of the bill I should like to outline to the house the reasons for the revision, and the general principles of the bill. Two very important reasons exist to make revision necessary and desirable. On the one side is the need to help the further progress of the fishing industry itself. On the other is the legal weakness in the present act. A few words of explanation as to each of these are called for.

Some parts of our fishing industry have been asking for increased inspection services from the federal government. Within the industry, and particularly in its national organization, the fisheries council of Canada, there have been continuous discussions now for several years on the problems of the quality of product as it reaches the consumer. In canned fish, distribution and good quality are relatively easy problems to overcome. But in other types, fresh, frozen and cured fish, the main markets are far from the sea, and the product is very perishable. The industry has nevertheless increased its sales of these types, but the progress has been slow, and it has given serious attention to ways and means of guaranteeing quality to the consumer. In September, at a national meeting of the industry in Ottawa, a set of proposals was presented to the government aimed at a fuller development of the fisheries potential. Among others, the industry recommended that the government take certain steps to ensure proper handling of products.

The present bill is one instrument for aiding the development of good quality products. It is, however, only one, and other complementary steps are equally necessary. This country has already had much experience in agriculture as to methods of quality improvement. In many other perishable commodities, such as dairy products, livestock, fruits and vegetables, quality has greatly improved in the past two or three decades as the Department of Agriculture developed technical services for the farmer and instituted systems of inspection. The present bill before the house contains nothing

revolutionary. All its provisions are already in effect for other food products, and are to be found in existing acts of parliament, such as the Live Stock and Live Stock Products Act, the Dairy Industry Act, and the Fruit, Vegetables and Honey Act. The present bill asks the house to do for fisheries what has already been done for agriculture in the matter of inspection.

I mentioned before that inspection alone is not sufficient. There is a good deal of educational and demonstration work necessary among fishermen and processors and handlers of fish in certain regions. Such work always has to precede the institution of inspection. The Department of Fisheries today has inspection operating for products such as canned salmon and lobsters, salted and pickled fish, oysters, smelts and some others. For other types it offers voluntary inspection to the industry. Almost universally, however, courses of instruction, field interviews, and circulars have preceded the introduction of inspection. Usually also there has been a period of voluntary inspection preceding the compulsory. Today inspection regulations are screened through the industry before being made effective.

I mention these matters to emphasize two points, that education and demonstration work has to precede inspection, and secondly, that the fishing industry is consulted in the preliminary stages of consideration of any regulations to be made under the present act. I should like the house to note that particularly, because it is not the act itself as much as the regulations under the act that will affect the industry. We have promised the industry that we will discuss with them the regulations to be imposed under the act before they go into effect.

The existing act, which the bill under consideration would replace, has been on the statute books since 1914. It was first passed in order to improve the quality of pickled herring on the east coast. Under the authority of the existing act regulations have been made from time to time, and today regulations are in effect in respect of several varieties of pickled and salted fish, oysters and scallops produced on the east coast. The act has also been applied, and regulations thereunder have been made, in respect of whitefish which constitutes the principal commercial fishery in the three prairie provinces. It has not been applied to British Columbia, where inspection of canned fish alone takes place under the Meat and Canned Foods Act.

The authority of the parliament of Canada to legislate on this subject is derived from several heads of section 91 of the British North America Act, 1867, but principally from head 2, the regulation of trade and commerce. Because the provisions of the existing act were not confined to export and interprovincial trade, some doubt arose as to the constitutional validity of the act. An expedient was adopted in 1932, and carried through to the present time, that when the act was to be applied to certain provinces they would enact enabling legislation, so-called legislation by adoption, whereby the provincial legislatures validated those parts of the act that might be within provincial legislative jurisdiction. This type of enabling legislation has been used for some of the acts dealing with agricultural products, and was also adopted for the Fish Inspection Act.

This type of enabling legislation has been successfully challenged in some of the provincial courts, and as a result most of the federal acts dealing with agricultural products were revised, and quality control statutes enacted by the parliament of Canada in respect of agricultural products are restricted more or less to export and interprovincial trade.

The present bill seeks to do the same thing for quality control of fisheries products. Prior to the introduction of the bill, informal discussions took place between officials of the Department of Fisheries and the provincial fisheries departments or divisions for the purpose of co-ordinating the federal and provincial legislation on quality control of fisheries products, and making the necessary administrative arrangements so as to be able to carry out the inspection program, not only at producer but also at wholesale and retail levels.

These discussions were held prior to the entry of Newfoundland into confederation, and included every province except Newfoundland. The Fish Inspection Act is one of those acts whose application to Newfoundland has been deferred. Under the confederation arrangements, consultations with the appropriate Newfoundland authorities are to be held before the act is applied in that province.

The bill will not become law immediately on royal assent, but will be brought into effect only on proclamation of the governor general in council. This will serve the purpose of timing the application of the revised act in order to co-ordinate it with any similar provincial legislation that might be enacted to cover sale and inspection within the province.

Before the introduction of the bill the fisheries council of Canada, representing the fishing industry, was consulted at its annual meeting in Ottawa in March of this year. The general view of the industry expressed by the council was to the effect that the government should have the necessary authority of parliament for any regulatory measures designed to improve the quality of fisheries products. The

industry, however, is more concerned with the type of regulatory measures that may be proposed from time to time. In practice, no regulation affecting any particular section of the industry is made until the opinion of such industry has been obtained and carefully considered. The Department of Fisheries is conscious of the fact that it is only by complete co-operation of industry and government that the problems of the quality of fisheries products will be solved.

If I may just add one word, personally I think nothing is more needed in our fisheries today than the assurance of high quality fisheries products when they reach the table; and I feel sure this can be achieved with the refrigeration facilities at our disposal. It is our desire and determination that this shall be carried out, in co-operation with those engaged in the industry as well as the provincial governments.

Mr. G. R. Pearkes (Nanaimo): Mr. Speaker, I represent a constituency on Vancouver island adjacent to the constituency of Victoria, which is represented by the minister; and it affords me the greatest pleasure to be able to extend congratulations to him on this occasion, when he is introducing a measure in this house for the first time as a minister of the crown. This is a particularly happy occasion because as far as I know the legislation he is introducing is generally acceptable to the fishing industry, and that applies to the packing companies, the co-operatives, the small fishing concerns and the fishermen themselves. All these organizations are anxious to see the great industry of fishing put on a firm basis, improved in efficiency and made comparable with the other industries to which the minister referred, such as agriculture. If there is any criticism of this bill it may be that it should have been brought in earlier, but the minister did not have an opportunity to do so. So again I want to extend my congratulations to him on taking the first opportunity, since be became minister, to introduce this legislation.

As I said, I believe the general principles of the bill will be acceptable to the industry in all parts of Canada. The minister has said that this legislation will be referred to the standing committee on fisheries, whose members will have an opportunity to go through it section by section. I have only glanced through it, but with great surprise I noticed reference to the grading of fish. I am sure the minister realizes that as far as British Columbia salmon is concerned there is only one grade, and that grade is superb. I have frequently seen you, Mr. Speaker, partaking of meals in the parliamentary restaurant. There at times you have been able to enjoy

the deep red-blooded spring salmon from British Columbia. At other times I have seen your face fall when you have been presented with colourless, anaemic looking fish coming from other parts of this country. Then I noticed that reference is made to supervision over the management of boats. I know the prowess of the minister in sailing small boats, because he comes very close to my home and goes fishing in Brentwood bay. There he manages his own boat, so I think he will appreciate that there is danger in suggesting too much management from Ottawa of boats which may be operated on either the Atlantic or the Pacific.

These are matters which perhaps can be better dealt with in committee, unless the minister cares to assure us that he does not question the excellence of our British Columbia fish, or the ability of our fishermen to handle their own boats.

Mr. P. C. Black (Cumberland): Coming from Nova Scotia, one of the great fishing provinces of Canada, I am naturally interested in this legislation. I assure the minister that because of my high regard for him I would be inclined to support the bill just because he has introduced it, unless it is shown to contain some weakness. I was pleased to hear my colleague the hon. member for Nanaimo (Mr. Pearkes) say that all the fish coming from the Pacific coast are superb; but if it were possible to make a test in the parliamentary restaurant as between the superb fish coming from British Columbia and fish from the maritime provinces, especially the salmon, while the British Columbia fish would still be recognized as superb, I am sure the maritime fish would be even more superb. I am quite sure no one about to enjoy a fish meal in the restaurant—and there are not many of them —would fail to ask for maritime province fish as his first choice.

Mr. Knowles: When you want a real meal you choose Lake Winnipeg goldeye.

Mr. Black (Cumberland): There are the British Columbia fishing interests, the great Nova Scotia fishing interests and we now have perhaps the even greater Newfoundland fishing interests. In fact every part of Canada is interested in commercial fishing to some extent. The minister has pointed out that, in this country, we desire well-graded fish of the highest quality. The Canadian population should be encouraged and educated to use more fish than in the past. The fishing industry has been the forgotten industry in Canada, but it is being recognized more and more as the years go by. There is a great deal yet to be done.

I believe the province of Nova Scotia has been more instrumental in advancing the interests of the fishing industry than any other section of Canada. It was through the efforts of the province of Nova Scotia, approved by the Ottawa government, that the commission headed by Sir Andrew Rae Duncan was appointed. This commission recognized that the fishing industry had been neglected and recommended that a special fisheries department under a separate minister be established. For many years the portfolio of that department has been tossed about from one person to another. I am glad that, at least as long as this government is in office, the responsibility of this ministry will rest upon the shoulders of my good friend the present Minister of Fisheries.

I have had some communications with respect to this legislation, one of which was from the fish packers association of the maritime provinces. This association has given study to the proposed legislation. They have some objections to certain provisions in the bill and have certain additions to propose. If this bill is referred to the special committee, as the minister indicated, that organization will have an opportunity of making representations and I am quite sure will be given full consideration.

In the maritime provinces there is an organization called the united maritime fishermen's association. That association has just held its annual meeting in my home town, Amherst. No doubt, as usual, they invited the Minister of Fisheries to attend. The objectives of the fishermen of this association are to secure quality products, fair prices, cold storage and refrigeration storage facilities, and the education of the consumers so that they will relish and use a greater quantity of fish than in the past. These men have been engaged in what was the forgotten industry of Canada.

I have seen on the wharves in Nova Scotia the fishermen come in with their boats loaded with fish. At times, the prices they were able to secure were as low as fifty cents a hundred pounds. Those days are gone, I hope forever. Even under those conditions, the fishing industry has been able to survive in my province. On behalf of Nova Scotia, I give this legislation my support, subject to its being referred to the special committee for improvement to meet the requirements of the fishermen, the processors and the consumers.

Mr. Donald Smith (Queens-Shelburne): In common with the other members who have spoken, I should like to compliment the minister on his able presentation of the bill. I did not know, until it was brought to my attention just now, that it is the first bill the minister has introduced. I certainly congratulate him on his presentation of it. I should like also to join with the member for Cumberland (Mr. Black) in bringing to the attention of the member for Nanaimo (Mr. Pearkes) the delicate flavour of the Atlantic salmon. I just wondered, when he was applying the adjective "superb" to the salmon to which he is apparently accustomed, whether or not he had ever had the opportunity of tasting our most delicious, super-superb Atlantic salmon.

As another of the Nova Scotia members, I too am interested in the fishing industry and in any measure brought up in this house or any other house which I feel would be of some benefit to that industry. I certainly wish to give it my wholehearted support. May I say that I should have liked to see more members present tonight, in order that I could bring to the attention of so many of those who have spoken earlier on the subject of agriculture the fact that we in the east have a subject of interest. We have supported any measure we felt would help the west or any other agricultural part of Canada, and I should like to see more members present tonight so that I could plead with them for the support of the fishing industry, which is of particular interest to the easterner. I feel that the support we have given them, and are going to give them at all times, should be given to us in turn, when measures for our assistance are brought before this house.

The hon. member for Cumberland mentioned the low prices which our fishermen have received for their products. Of course, that was true, but I hope those times have gone forever. Our fishermen have not suffered from drought as the western farmer has, but they have suffered from drying up of markets. In this business which we share with our Newfoundland friends, there have been times when, after a season's arduous fishing, our people have found themselves in debt to the provisioner and supplier. The vessels would come into port with what was known in those days as a "broker"—owing to the condition of the market the vessel did not pay expenses.

I believe anyone who knows our Nova Scotia fishermen knows that they are enterprising and versatile. Through the use of their natural skills, they managed to earn a few dollars in other fields. The fishermen and their families worked in their gardens, in many cases among the rocks, to grow enough food to tide them over the winter. My point is that these people did not ask for much direct help. As a matter of fact, they received very little aid during those

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hard times. The salt-fish bonuses provided by the Nova Scotia government were of some assistance in trying to offset the low prices paid for fish. As I recall, I do not think the federal government was asked to contribute to those bonuses. In other words, the fishermen have always managed somehow, through their own hard work, to carry their burdens on their own shoulders. I do believe that where people are trying to support themselves they should receive the support of the nation when the time arrives that those people feel they have a case worthy of support, financial or otherwise.

Mr. Gibson (Comox-Alberni): Vote C.C.F.

Mr. Smith (Queens-Shelburne): I am not talking politics, as I would remind the hon. member, but I do want to cover a few more points before I turn to the essence of the bill itself. I want to say first that until recent years those engaged in the business of buying and marketing fish were for the most part men who had learned the fish business "the hard way", having eventually graduated from the dory to the office desk. Cold storages, large and small, have been built all along our coast and today the fresh fish industry is of the utmost importance.

Those in the fish business realize without being told that good markets for their fish depend to a great extent on the quality. There has been little tendency to try to market poor fish, and I believe in general that regulations in respect of inspection of fresh fish as well as salt fish, as indicated in this bill now before us, will be welcomed by all. As an indication of this fact, and also for the sake of the information contained in them, I should like to read some excerpts from these letters. The first one I want to read is from the manager of one of the smaller plants down on our shore. He says in part:

> In noting the content of this bill, it appears to be leading in the right direction. We believe the inspection of fish as has been carried on in recent years, particularly of canned lobsters and pickled herring, mackerel, etc., in containers, has brought beneficial results to all parties concerned, and with the inspection improved and extended we would hope for increased sales and more satisfied consumers.
>
> It is not clear to me whether the act requires an inspection certificate to accompany every shipment of fish or marine plant, leaving the shipper's establishment. If it does, we fear that would cause delay in shipments, unless there is an inspector stationed at every shipping plant, as fresh fish shipments are mostly what we call rush shipments, to catch the first train or other means of transportation, so the products will arrive at destination as quickly as possible, which means better state of preservation. If at any point the inspector causes delay in transit of fresh fish for inspection purposes, the act will defeat what it proposes to aid.

I do not doubt for a moment that that is a live subject in the minds of the minister and the officials of his department, but it is an important point; and I expect that points brought out by means of letters such as this will be cleared up.

Then I should like to read a small part of another one; it is from a plant which is a little bit larger than the one whose letter I have just quoted. The writer says in part:

> In our minds there is only one method of inspection. It should start in the boats, from there to the fishermen. If they do not take proper care of their fish, they are of an inferior quality when they reach the wharf. The next inspection should start on the wharf and carry it through the plant and the processing of the fish—from the time they are taken in the plant to the time they are either shipped out or placed in the freezer. This is also my belief—fresh fish should be by express—no freight shipments. It would also be necessary to have inspection of the fish on arrival at the wholesaler's and from the wholesaler to the retailer, which means it is necessary, in order to obtain a good quality of fish, to have an inspection from the time the fish is caught until it reaches the consumer. This I believe is one of the impossible things to do as it would require a large number of inspectors, also very heavy expenses. We would think that one of the most important inspections would be from the retailer to the consumer as the producer is well aware if he ships out poor quality he is going to receive complaints and his business is going to suffer.

He winds up the paragraph with one little note that strikes a nostalgic chord in my soul. He says:

> "I am not going to talk any more on fish as I have to smell it every day."

That particular smell of fish from the plants down our way is not the least bit unpleasant because the plants are all clean and their fish smells good. I like the smell.

To go a little further, I have the same document as the hon. member for Cumberland (Mr. Black) had. I think it should be pointed out to hon. members here that this association of fish packers of the maritime provinces:

> . . . is on record with the department for several years recommending the inspection of fresh, frozen and smoked fish and has asked that inspection commence at (or before) the fish are landed, continuing throughout handling and processing and ending only when the fish are packed ready for transportation. This would guarantee that the fish were in good condition when landed, that they were handled and processed in a sanitary plant where proper sanitation and hygienic requirements as to plant equipment and personnel are observed throughout the entire process.

Having read those excerpts, I hope there will be no doubt in the minds of hon. members that this bill is really welcomed down our way.

I should like to say just a word about the inspectors. Before this bill is passed, I hope some amendments will be brought about by the committee, because there are some clauses in the bill which I and some others in the house do not agree should be put in it

at this time. I believe that really serious thought should be given to the matter of appointing qualified inspectors. Fishermen find it difficult to believe that a young man, just out of school, can learn to judge the qualities of fish merely by attending a short course provided by the Department of Fisheries. Wherever possible, appointments should be made not so much on scholastic standing as on the experience an applicant has had in the fishing industry.

It is our good fortune in Queens-Shelburne to have on the job now some inspectors who combine high educational standards with practical experience. I am informed by those who should know that the best inspector of pickled fish in Nova Scotia is one who would have a difficult time qualifying by educational standards alone. I suggest that there is an important place for those with high educational standards, who are to be engaged in office and administrative work in the department. But I also suggest that the men in the field who are to be given the power to approve or disapprove of the quality of fish for export to other provinces and countries should be appointed with the preference given to those with practical experience and knowledge.

Now I want to say just a few words about the latter part of the bill. As will be noticed, it relates to the inspection of fish and marine plants. Some of our inland friends may not even know what we mean by a marine plant. I should like to say that I am glad the bill recognizes the importance of marine plants by including them in the regulations. To many hon. members who may not know it, may I point out that the gathering and processing of Irish moss and kelp is an industry of some significance on our coast, and it is also an industry which has great possibilities for the future. In Clarke's Harbour, Shelburne county, there is a factory which buys kelp and processes it for export to Rockland, Maine, where finally various drugs and compounds are derived from it and they are sold all over the United States. The local manager of that plant told me last summer that, in the few years it has been running, upwards of $400,000 had been paid out in wages to the gatherers of kelp and to those who work in the plant preparing the kelp for shipment. That amount may not seem large, but I want to assure hon. members that it is a considerable amount when it is distributed in that small community of Clarke's Harbour.

I think this kelp industry is one that has great possibilities. It is hoped that the day will soon come when the derivatives can be extracted, packaged and exported from this little Nova Scotia community as well as from others, and I understand that some thought is now being given to that industry. I am informed that the particular growth of kelp on this coast contains a very high proportion of the substance required for the market, a much higher proportion than the growth along the coast of Maine; this fact accounts for the export of our kelp to that state. It is hoped that the research and marketing services of the Department of Fisheries will be directed toward an inquiry into the possibilities of this kelp industry. It might be proper for the biological division to investigate the methods of gathering kelp. It may be that seasonal restrictions will be found necessary in order that the plants will not be cut during their reproductive stage.

The gathering of Irish moss is an industry which likewise has great possibilities. It is a growing business down our way. In Shelburne there is a plant which processes it. In my home town of Liverpool the Best Yeast Company just recently put in a little side plant in which they are making this Irish moss into a delicious gelatine dessert. That is just a sample of what can be developed from Irish moss alone. What I have said about the part that could be played by the fisheries department in connection with kelp is of course also true of Irish moss. It is proper that this bill should contain some provision for the inspection of marine plants. Like the inspectors for fisheries, I really hope that the inspectors who will be appointed will know their job and will do it effectively.

Before closing my remarks I would reemphasize the need of carefully examining the qualifications of the candidates for inspectorships with regard to their practical experience and knowledge, and that preference be given those who possess these qualities. I am convinced that by so doing we can expect a much happier acceptance of these new regulations by the fishing industry, and that the purpose of the bill will be better served.

Mr. James Sinclair (Coast-Capilano): As a member also who represents a fishing riding, in this case a west coast riding, I, too, would like to say a few words and to congratulate the minister, not only as Minister of Fisheries but also as the minister from British Columbia as well, on the introduction of this bill. The fishing industry in British Columbia has for many years realized the importance of insisting on a high quality for their products and, long before the government actually entered the field of grading and inspection, they themselves had in the industry an arrangement to grade and standardize their products.

The hon. member for Nanaimo (Mr. Pearkes) mentioned quite rightly that our fish is superb. It is superb at the time it is

caught, but a lot can happen to fish between the time it is caught and the time it arrives in the housewife's kitchen. I think all members appreciate that when fish is caught it is very good, but when fish is stale it is very offensive. One of the reasons why the housewives of Canada have not used as much fish as perhaps they would want to is that occasionally they do get bad fish. That is one reason why I think the fishing industry on the west coast, which has always insisted on quality, will welcome this bill, because the government can do what industry cannot do. The government can see that everyone lives up to the standards which are set in this bill.

It is noteworthy too, I think, that it is the industry itself, not just the west coast industry but all the industry in Canada, which has asked for this bill. Some years ago there seemed to be a conflict between the fishing industries on the west coast and on the east coast. They found, as most people do find, that conflict is not of much value, and some years ago they got together and formed this very active body known as the fisheries council of Canada. This recommendation which is made by the fisheries council of Canada is an indication that west coast fishermen and the east coast fishermen can work together for the mutual benefit of the entire fishing industry.

There is one thing which I should like to mention in regard to the minister's speech, which has been commented on very favourably, but there was one thing which the minister's speech lacked. He was too modest to mention other things which he has done in the last year to aid the problem which is most serious to the fishing industry. Out on the west coast, and I am sure on the east coast as well, the actual job of catching the fish has been pretty well solved. The great problem is disposing of the fish in a good market. Before the war, of course, our British Columbia fishing industry had a very profitable European market. It is, however, agreed that here in Canada we could absorb pretty well our entire fish catch from both the east and west coasts if our consumption were anywhere near the consumption of fish of some of the European countries. As a matter of fact, as the minister pointed out, one of the reasons why we have not got that high consumption of fish is that it has been so difficult to get good fish into the central part of Canada where the big markets exist. The minister has done much more in this last year, as we of the fishing ridings know full well, than introduce a bill for the grading and inspecting of fish.

One of the great problems of course has been to transport fresh fish. The research branch of the Department of Fisheries has done excellent work on mechanical refrigeration cars, cars which will take fish down to Winnipeg or Toronto. These cars have made trips now from the east coast to the west coast and from the west coast to the east coast, and the fish carried by them has arrived in perfect condition. Work is now going on in the development of modern cold storage plants. I think the one we have in Vancouver is a model for the entire nation. Other work has gone on into pickling and grading of fish, work which has been greatly helped by the research work done by the research department of fisheries on the west coast and, I imagine, on the east coast as well.

However, the great job in Canada as far as the fisheries are concerned is selling more of our very excellent fish from both the east and west coasts to the people of Canada across the whole ten provinces. In that regard I think the minister is well qualified to be the Minister of Fisheries at this time. Those of us from the west coast know that in his own private business he has been immensely successful in marketing his product across western Canada, including the prairie provinces. We who represent fishing ridings hope that he is going to be as successful marketing British Columbia fish across the prairie provinces as he has been in his own private life.

Mr. G. F. Higgins (St. John's East): Mr. Speaker, it is a great pleasure for me to address the house on fisheries this evening. As I said before when speaking on this matter, fish and fishing are of prime importance to our newest province. I was interested in reading what I presume to be the last bulletin issued by the fisheries council of Canada. It is headed:

> Prime Minister Pledges Government Support to Full Development of the Fisheries Potential.

It includes part of the address given by the Prime Minister (Mr. St. Laurent) to the fisheries council meeting in Ottawa on September 9, I believe. At that time the Prime Minister said:

> The commercial fisheries implements the true significance of Canada's motto "From sea to sea."

He said that he thought that both federal and provincial governments could make profitable investments in the industry to improve and enlarge its output. He said:

> Canadians can consume much more fish than they have in the past. When there is a domestic market it is a safe thing to rely on in trade. I hope the domestic market will provide increasing opportunities for the disposal of Canadian fish.

Then the Prime Minister added:

> The federal government does not want to replace you, step into your field or become a competitor. But there are ways and means whereby the federal and provincial governments can contribute to the

further development of the industry. They have done so in the past but I feel there is room for more in the future. You can count on us for serious consideration to any recommendations of your council in the interest of the well-being of the whole Canadian economy.

I presume the Prime Minister meant the government. That was a most encouraging address of the Prime Minister, followed of course as it was by the various recommendations as contained in this official bulletin. I presume hon. members have received this bulletin. I do not imagine that they have all read it. On the second page we have this statement:

Prime Minister Backs Honourable Mayhew Announcing Government Policies.

There are some wonderful policies outlined in the bulletin. To the hon. members who have not read it I seriously suggest that it is their duty to do so, because fish and fishing are going to be increasingly more prominent in the affairs of this house than they have been in the past. I think the minister will agree with that statement as well.

When I spoke on this matter before, I made reference to the minister, and I should like to amplify my remarks. It is a great pleasure to do so. When I made my remarks before I did not know the full import of the visit that he made to Newfoundland in July of this year, but from the information I have obtained since, and I have obtained it from unimpeachable sources, I have learned that in July the minister, accompanied by his deputy and by his chief economist, visited the province. In the time at his disposal he made it his business to get every shade of opinion from the heads of industry right down to the fishermen themselves. I am told he spared no effort to obtain a full and complete picture in the time that he could spare to round out his knowledge of the fishing industry in Newfoundland. I can assure the house that the general impression created by the minister on that visit to Newfoundland was that he intended to understand the industry, so far as Newfoundland was concerned at least, from top to bottom. He spared no effort, and certainly did not spare himself in obtaining or endeavouring to obtain every possible fact that would aid him in guiding his department along the lines he intended to adopt in the future.

I am sure the minister will agree with me when I say how much the people of Newfoundland thought of his deputy minister, Dr. Bates, who accompanied him. While my knowledge of the fishing industry is not nearly as complete as that of the hon. member for Grand Falls-White Bay (Mr. Ashbourne), who is not now in his seat, or indeed as great as that of the Secretary of State (Mr. Bradley), I am told that in the short time he was there Dr. Bates did a very thorough job in so far as organizing the Newfoundland fisheries department was concerned, and is continuing to do that job. I see the hon. member for Grand Falls-White Bay is now in his seat, and he will be able to amplify any remarks I have made concerning the minister and Dr. Bates.

I feel confident, with the interest the minister and his deputy have shown, and with their co-operation with the Newfoundland fisheries board, the province of Newfoundland has every reason to be satisfied with the future, in so far as the federal Department of Fisheries is concerned. I am certain the minister, his deputy and all the staff of the department are going to co-operate fully with the fisheries board and fishermen generally in Newfoundland. The fact that these gentlemen are showing such an obvious interest is a happy augury, so far as we of Newfoundland are concerned, for the future of our industry.

I hope I shall be pardoned for dealing generally with the bill, because I believe it is to be referred to a committee, and a complete discussion will take place there. There are however a few observations I should like to make now. The life of the Newfoundland fishermen, like the life of fishermen in the other maritime provinces, is no bed of roses. It is probably much easier in British Columbia where everything is perfect; but I can assure the house that in Newfoundland the fisherman's life is by no means perfect. He has to work long and hard hours, for which his returns are by no means great. The Secretary of State and the hon. member for Grand Falls-White Bay will know very well that the return for these long hours of hard labour is very small indeed. In fact if I were to make a guess at it—and my guess would not be a too well-informed one—I would say that, having paid for his supplies for the year, the average Newfoundland fisherman would be very fortunate if he had a return of any more than $400 or $500. That is my assumption—and even that amount is higher than it has been in the past. I know that what I shall now say is not within the purview of the bill now before us, but if it were possible in years like the present one, where many parts of Newfoundland have suffered from what we call blank years in fishing, and where a large number of our fishermen will have nothing to look forward to for the next six months, until the fisheries open up again, if there were something in the nature of the Prairie Farm Assistance Act, which was passed to assist prairie farmers in bad times, it would be a

very wonderful boon not only to the fishermen of Newfoundland but to all fishermen throughout this great dominion.

Dealing first with our own particular problems in the industry, I would turn first to salt codfish. Here the most important factor is that of the exchange situation and its effect upon our sales, and upon the sales of all maritimes fish in European markets. If a normal catch is to be marketed to the best advantage, it is necessary that half that catch be sold in Europe. This is not the problem of only one year; it is a continuous one. It may be that some hon. members are not thoroughly familiar with the manner in which our fish are now marketed. It means that the government of Newfoundland has had to put up dollars in London, and the sterling is converted in that way. It is not, as you will note, a condition which can continue forever, if the province has to arrange marketing in that way. Therefore I say it is a serious condition. Unless some arrangements are made for the convertibility of sterling it will mean that not only the Newfoundland fishery but indeed the whole fishing industry dealing in salt codfish will come crashing down around our ears. That is what will happen; there is no question about it.

Mr. Stick: Does the hon. member know that the exchange situation has been taken care of for this year?

Mr. Higgins: Yes.

Mr. Stick: Then he has not made that clear.

Mr. Higgins: I am sorry; I said that I believe it is a continuous condition. Certainly it has been taken care of this year; there is no question about that. But it is a matter which has to be taken care of every year; and that is going to mean, with the small financial prospects of Newfoundland, a very real problem in the future. Certainly it has been taken care of this year, and I believe the government up here made some arrangements in that connection. I am not very clear in the matter, but I believe they did provide assistance in some way. However hon. members on the opposite side of the house who are more conversant with government policy will probably be able to explain that better than I can.

Another phase of this industry which might very well be mentioned in connection with fisheries in Canada is the need for research, both biological and investigational, to determine bodies and movements of fish, and technologically to improve the finished product. I note that in this fisheries council of Canada bulletin there is the heading "Council Meets with Government and Resolves Recommendation"—and this is part of the recommendation which I presume the government is now going to carry into effect:

> Government should intensify biological and technological research to be carried out in co-operation with industry's research programs and establish closer contact between the research board and the industry through local advisory committees or other acceptable means.

That is most important, and I am so glad to know the department and the minister are planning to put that into operation.

Another important factor is that of fishermen's equipment, particularly in the shore fisheries. This needs improvement very much, and I submit to the minister that the government might very well give a lead in this connection. I notice also that in the bulletin there is a heading to the effect that the minister is being backed by the Prime Minister.

And there is the following statement:

> On May 5 the minister issued a statement of policies at the request of the prime minister announcing that in co-operation with industry the government should—

And two of the recommendations are:

> (a) The improvement of fishing methods and types of boats and gear;
>
> (b) The improvement of shore plants and techniques in canning, freezing, smoking, and in special cases encourage the establishment of reduction plants and improve and develop the bait service.

That is another excellent factor in the program, and I hope it will be carried out as apparently the minister intended when the bulletin was printed.

Another matter that would be of great value is the improvement of harbour facilities, breakwaters and so on, and also improved aids to navigation. From the point of view of the Newfoundland frozen-fish industry, the main requirement, as I see it, is that Canada be alert to make agreements with customer countries which will facilitate the growth of the industry. It is virtually a new industry, having come up in Newfoundland only in the past decade. It has been soundly built, and compares in equipment and quality of product with that of any other country.

I am not going to read too extensively from the bulletin to which I have already referred because I do not want to deprive hon. members of the pleasure of reading it, but hon. members will notice that on the last page there is a reference to refrigeration and cold storage. That has particular reference to the point I am making as to frozen fish. Hon. members might very well read it at leisure.

Another matter that comes within the purview of fisheries generally, although people are rather doubtful about it, is our sealing

industry, but we regard the seal as a fish. In 1948 there was a fleet of twenty-five ships crewed by 1,500 men. It is a source of income to these men and to many others engaged in shore processing. The value of the fishery in 1948 was about $1,500,000. It is a traditionally Newfoundland fishery in which considerable capital is invested, and it provides a welcome activity between fishing seasons.

Operators are experiencing great difficulty in selling their product owing to exchange restrictions and regulations. Because of such restrictions they are virtually obliged today to sell in Canada. I understand the Canadian position is that we are importing edible oil far above the amount of marine oils produced, and paying United States dollars for a great deal, if not all, of it. At a time of unbalance between Canadian and United States dollars, the wisdom of such a policy might well be challenged.

The only remaining part of our fishing industry which I wish to mention is whaling. In 1948 there were eight whalers which brought 751 whales to our two whaling factories.

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

Mr. Higgins: Certainly.

Mr. Applewhaite: Would he be kind enough to explain to us the connection between the subjects which he is dealing with and the inspection of fish and marine plants?

Mr. Higgins: I agree entirely with the hon. member, but I believe you will appreciate, Mr. Speaker, that I prefaced my remarks by saying that the bill was going into committee, and if there was no objection I proposed talking generally on the matter. If there is objection, I have not very much more to say in any event.

The Acting Speaker (Mr. Beaudoin): Has the hon. member leave of the house to carry on in the manner in which he has proceeded so far? I have my own doubts as to whether or not what he is saying now has any connection with the bill before the house. If he has the consent of the house he may carry on.

Mr. Mayhew: There will be ample opportunity in a day or two to go into all the arguments that the hon. member has put forward. Personally I should like to see us get the bill through tonight and refer it to the committee. We could have these general discussions, which are most interesting and helpful, on the estimates. I think generally the hon. member has been out of order except when he was praising the minister.

Mr. Higgins: May I thank the minister for his remarks. I should like to make two further points that are also not quite appropriate to the bill, but which are important. The minister promised me, when we were discussing first reading of the bill, that he would answer some of my questions. He told me at that time he was going to answer them on the second reading of the bill. I want to add two more if I may. I have a Canadian Press dispatch from Halifax, dated October 20, which reads:

> A spokesman for the Canadian Atlantic Fish Exporters' Association said tonight the organization is dissatisfied with the Annecy trade agreement because Canada missed a chance to aid the salt fish trade. The association, representing most salt fish exporters on the Canadian Atlantic seaboard feels that Canada's fishing industry might be endangered by the failure of the agreement to provide any "appreciable reduction" in duty on salt fish exports to Haiti and the Dominican Republic.

I have one further question to put to the minister if he is going to make a reply to me tonight, and I believe he will because at page 750 of *Hansard* he said he would. I should like him to give the house his views on the recommendations of Newfoundland Associated Fish Exporters Limited of October 5. I am most grateful to the house for giving me the privilege of talking in such a free manner when I was really off the subject matter of the bill. I should like to say in conclusion that I entirely agree with all the provisions of the bill. I hope that when the bill is discussed in committee any objections will be voiced freely. Personally, I see no objection to it in any way whatsoever.

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, I have very little to say. As a matter of fact, I think that the minister is in a most unusual position in introducing this measure in that no one has any criticism to offer. And far be it from me to insert a discordant note into a debate where the minister is concerned. I rise only to speak because I am an expert on fish.

Mr. Green: You had better sit down then.

Mr. MacInnis: I am not an expert in catching, packing, or selling fish. I am merely an expert in eating fish, and that is with experience at both ends of the country.

An hon. Member: Both ends of the fish?

Mr. MacInnis: People do eat both ends of the fish. I was born on the Atlantic coast, and for the first twenty years or so of my life, with the exception of the first year, I lived pretty much on fish—the lowly herring and potatoes. You cannot really appreciate good herring—and there are good herring on the Atlantic coast—unless you have eaten them together with Prince Edward Island potatoes. I realize I have to be careful because I am now living on the Pacific coast, and represent

a constituency in which many fishermen reside. We produce good fish on the Pacific coast, and we also produce good potatoes.

I do agree that if fish packing has continued as it was done when I was a youngster, there is a great deal of scope for inspection. I do not wish to cast any reflections on any other province, but we used to import herring into Prince Edward Island; we bought it for family use by the half barrel, and sometimes it would be what we called rusty herring, which was not very good eating. I am sure this bill will overcome that sort of thing. It provides for the inspection of fish and marine plants; and if there is anything the inspectors cannot do under the provision of this bill it is only because those who drafted the bill could not think of it. If I read the bill correctly, I was rather surprised that it should receive so much support from my free enterprise friends on both sides of the house. With the exception of the provisions for inspection and what the inspector can do, all the rest of the sections deal with the penalties provided for offences under the bill. This legislation is going to the standing committee on marine and fisheries, I understand, where it can be fully discussed, and the hon. member for St. John's East (Mr. Higgins) can get answers to all his questions pertaining to the bill, if not to all the matters to which he referred this evening.

Mr. T. H. Goode (Burnaby-Richmond): Mr. Speaker, like one of the members from Newfoundland who preceded me, I am going to speak for only about two minutes. My reason for rising is that I represent perhaps the largest fishing town in Canada. Steveston not only has more fishing boats operating out of it than any other community; it also has the largest canned fish factory in Canada. But more than anything else I rose to congratulate the minister, who comes from British Columbia, because of the confidence this legislation will give the fishing industry in general. I believe we catch the best fish in the world, but it is something else to sell the best fish in the world; and I think that is what this bill will help us do. Most of the men who fish in my part of the country are veterans, who have thousands of dollars tied up in their boats and equipment, and the confidence this legislation will give them will be a great thing not only for the industry in general but for these men and others like them throughout Canada.

Mr. A. J. Brooks (Royal): Mr. Speaker, we have heard from British Columbia a number of times, from Newfoundland and indirectly from Prince Edward Island. I am rising because I do not see any other hon. members here from New Brunswick who represent fishing constituencies, and I should like to say a few words on behalf of the fisheries of our province. I congratulate the minister on this bill, which I think will be received with general satisfaction in my province. When it goes to the committee I am sure there will be ample opportunity to discuss all its provisions.

I should like to point out one thing, however; that is, that while we may not be the greatest fishing province in the dominion, in the past we have had great interest in the fisheries of the country. Our province supplied three successive ministers of fisheries, but I was always amazed that in selecting a minister, instead of choosing one from some fishing constituency, a lawyer representing some inland constituency was usually chosen. Now, however, we have a minister who knows something about fishing, and the ministry of fisheries is no longer an orphan, as it was for fifteen years. In the past it was a sort of stepping-stone for ministers who were on their way to other and what might be termed more important portfolios. But the portfolio of fisheries is very important and is becoming more so; and I am sure that is realized by the present minister.

I want to point out that in New Brunswick we have the largest sardine factory in the world. I want to point out also that the smelt fisheries of New Brunswick are considered at least as good as, if not better than, any in this country. I would point out also that the oysters found in Northumberland strait are second to none in the world. Finally, and this was my reason for rising at this time, I want to mention the Saint John salmon. The hon. member for Queens-Shelburne (Mr. Smith) and the hon. member for Cumberland (Mr. Black) mentioned that Atlantic salmon were superior to the British Columbia variety, but they did not specify, as they should, that Saint John harbour salmon are the finest to be found on the Atlantic seaboard. Hon. members from British Columbia said that British Columbia fish were the finest to be found anywhere, and tried to lead us to believe there were no poor fish in that province. Surely it would be taxing the credulity of hon. members too much to expect them to believe that statement.

I am sure that when this legislation goes to committee it will receive careful consideration. The hon. member for St. John's East (Mr. Higgins) brought out a point which I am sure interests and worries all of us; that is the matter of markets for our fish. I do not doubt the minister will see that the fish are packed as attractively as possible; we know we can produce the finest fish in the

world, but the great problem the government will have to consider is the finding of markets for these fish after they have been caught and placed in these splendid containers for which provision is made in this bill.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, I rise merely to obtain some information. I agree with the principle of the bill, so I have no criticism to offer at this time. The minister said this legislation would go to the fisheries committee, but he also made the observation that he was going to permit sufficient time for representatives of the industry from both east and west to be present when that committee is set up. I have in mind that this session may last only about another month.

Mr. Chevrier: Not at the rate it is going now.

Mr. Gillis: The minister has been here a long time, and he knows that when the session reaches a certain stage matters will be steam-rollered through pretty rapidly. That is exactly what I have in mind in asking the minister not to allow the calling of this committee to run into the next couple of weeks, because it would not give the committee time to consider the matter before the steam-roller tactics commenced. I should like to see the committee called as soon as possible, so that we may give this bill proper consideration.

Fish inspection is all right in its place, but it will not cure the ills of the fishing industry on either the east or the west coast. There are some defects in this bill. Representatives of the industry have submitted a brief to many members of this house pointing out changes that are necessary. I should like to see this bill passed at this session, so that the department can get on with the work the bill is designed to carry out. Can the minister give any assurance that he will arrange for the calling of the committee as soon as possible?

Mr. W. Chester S. McLure (Queens): Since the representatives of all the provinces have had something to say, I think I might say a few words on behalf of the province of Prince Edward Island. I welcome this bill, and I am glad that the minister has told us it will be referred to a special committee of the house. A full opportunity will be given in the committee to go into the details of this measure. At the present time, of course, we need compulsory inspection, and not inspection in one place and not in another. However, the regulations as well as the bill itself can be dealt with in committee.

In closing my remarks, I should like to say that it was a pleasure for me, although sometimes slightly embarrassing, to hear the hon. members from the different provinces boasting of the qualities of their fish. I should like to draw your attention to the fish of Prince Edward Island. While the other hon. members have been fighting for second place in the quality of their fish, it is not necessary for me to say any more than to name the different varieties of fish from Prince Edward Island for all to agree that they are first in quality.

Let me first mention those delicious bivalves, the oysters. Prince Edward Island oysters have no superiors. Next, I shall mention our scallops. If one is so inclined one can taste these nearly every day at the evening meal in the parliamentary restaurant. The hon. member for Vancouver East (Mr. MacInnis) led you to believe that the people of Prince Edward Island eat nothing but herring. I am sure you will agree with me that if we do, they are at least fattening, if I am any example.

In addition to herring, and before I mention anything else, let me speak of our lobsters. So far tonight nothing has been said about the superiority of the lobsters in other places. Our lobsters, owing to good regulations in the packing and fishing, have taken the top place in the markets of the world. I could go on to describe the wonderful mackerel, fresh or processed. They are fit for the table of a king. Our halibut and cod, likewise. Then, we come to the smelts. When I was mentioning shellfish, I might have mentioned that our clams and quahogs have a class and distinction of their own. If any of these products are marked with the words "Prince Edward Island product", they are accorded a place superior to any other.

I might also mention a provision in this bill concerning marine plants. The Irish moss industry in our province has been exceptionally flourishing because of the excellent quality of the product. Then, the buyers began to buy any quality without inspection and, as a consequence, the markets have somewhat soured on the product of the east and are turning back to the moss found in the Mediterranean. I might say that the regulations in connection with sea plants will be a help and a delight to those who participated in the Irish moss, kelp, dulce and seaweed industries. I wish to say again that, when the bill is in committee, I am sure all the good points will be brought out and we will probably be able to add some other beneficial provisions.

After all, we can regulate the fishing industry; we can tell people how to fish and how to process the fish; but if the industry is to survive, the thing it must have is markets for the various types of fish.

Mr. T. G. W. Ashbourne (Grand Falls-White Bay): Mr. Speaker, I consider that this legislative action will not only assist, but protect one of the important industries in the Canadian economy. As I said when this measure was introduced as a resolution, I consider it is a move in the right direction. I should like also to add my congratulations to those already given the Minister of Fisheries this evening.

Before this bill is given second reading, Mr. Speaker, I should like to avail myself of the opportunity of saying that I am in accord with the principle of this bill. It will be going to the special committee of this house, and no doubt there it will receive due consideration. I believe that the present trend is toward a closer watch over important industries such as fishing, and a recognition of the importance of producing clean, wholesome food. We can readily agree, I think, that constant vigilance is essential to ensure that the best possible article is produced, not only so that those participating in the industry can make a success of it but that the consumption of fish may be increased. I fear that oftentimes the high nutritive value of this product is either not generally understood or not fully recognized by those who purchase this important article of diet.

To ensure the maintenance of a suitable standard of excellence so that the product will enjoy the confidence of the public, I consider inspection a necessity. We know, Mr. Speaker, that for some time our competitors have had inspection of their fish. In certain countries, I understand, it is inspected right from the time it is taken out of the boat until it is exported. That is really a good idea. As we know, from the time a fish leaves the salt water or the fresh water, as the case may be, until it goes into consumption, there is a gradual process of deterioration. In order to protect the person who is to buy this fish and to see that he gets it in good condition, inspection is necessary. Naturally we want people to eat more fish. We know of its high protein value. Today being a fish day, I think it is an opportune time for this bill to be passed. By having a definite program of inspection, Mr. Speaker, I think that we shall be able to build up an industry which will give greater remuneration to the man who catches the fish and which will also in time aid in our Canadian economy.

Salmon was mentioned here this evening. We in Newfoundland pride ourselves upon the excellence of our salmon. In fact, Mr. Speaker, in the past, in the autumn of the year, we in Newfoundland have been getting twenty pound and twenty-five pound salmon, taken from the net, which were fit for a king; they were perfect. By looking after our salmon, our cod and every other source of food which can contribute to our people's well-being, I believe that we are assisting in the improvement of the general economy of the country and that, by so doing, our people will be able to enjoy these rich products of the sea which I think they sorely need.

There was a time when the people in Newfoundland used to eat a great deal of herring. I believe that the herring is one of the most important food fishes that we have. The act that was introduced and put upon the statute books in 1914 I believe had to do with the inspection of herring and other pickled fish. Some of the details embodied in this bill now before us were in that act at that time. As I said before, Mr. Speaker, I approve of the principle of the bill. Before the Newfoundland fisheries board was established and before we had any regular, definite government inspection there, there was a time in Newfoundland when the board of trade themselves furnished an inspection certificate with certain codfish which had to be exported. Naturally anyone who buys a perishable article such as codfish will have a greater sense of confidence when opening up credits, and when paying money against shipments, if he can count upon an effective system of inspection.

Mr. A. W. Stuart (Charlotte): I wish to speak only briefly tonight, Mr. Speaker. Since this bill was introduced by the Minister of Fisheries (Mr. Mayhew), it has been carefully studied by all hon. members from centres that are interested in fishing. I can assure you that I have looked it over carefully and that there are many clauses in the bill with which I do not agree. It has been discussed at great length among the members from New Brunswick, and I can speak for that province.

One criticism I have to offer in connection with this bill is that it gives to fisheries inspectors far more authority than I think it should give. We have today many young men who joined the fisheries department within the last two or three years and who perhaps have not the knowledge of the fishing industry that they will have at some future time. To give to them the authority that it is proposed to give them by this bill would, I believe, leave the department wide open to criticism.

When young men step in and tell older men who have been in the business for fifty or sixty years how they should run their busi-

ness, they are not met with open arms. With regard to the fishing industry, the agriculture industry or any other industry, my idea is that regimentation is not the solution to the problem. I believe that what we need in our fishing industry today are inspectors qualified to meet fishermen, to work with them and to be of assistance by reason of knowledge they might have which they could pass along to the fishermen. When you approach the matter in the other way and say that you must not do this and you must not do that, the fishermen resent it. I know that to be the fact. I have worked with them for many years. I do not believe you will find in Ottawa any officials to whom more authority is given to enforce regulations than is given in this bill to inspectors in connection with the inspection of fish.

Several hon. members have spoken of inspection and grading. I am much in favour of a better product in the fishing industry. If this industry is to survive, it will survive on quality. That should be the aim of every person who is interested in the industry. He should strive to improve the quality of the product. I believe that is right. But to date I believe the department has had the cart before the horse. Inspection should take place before the fish are ever taken from the boats.

To explain what I mean in a brief manner, let us take, for example, the sardine industry. A boat will come in loaded with sardines. The sardines are taken into the cannery, in which hundreds and hundreds of dollars are expended on labour. Hundreds of pounds of tin plate are used. Thousands of gallons of edible oil are used. After that process has been completed, the inspector will draw samples and tell you if the product is fit for human consumption or not. Why all this labour and all these materials should be wasted, I fail to understand. The inspectors with the fisheries department should be qualified to go aboard that boat at the cannery, inspect the fish there and follow them through until they are completely processed. Until we get a system of that sort, we are certainly going to be criticized by the people who are in the canning industry. I think we shall also be criticized by the general public because of the fact that good labour and good material are unnecessarily wasted.

Once more I want to emphasize my belief in quality. As I stated before, if this industry is to grow to the extent that we should like to see it grow, I believe this can be done only through quality. Fishermen are reasonable people. I worked with them for many years. They like to be advised, but they do not like to be pushed around. Fishermen are an intelligent group. As young men they started out to work for themselves; they have never worked for somebody else for wages; they have always been out on their own. To that extent I would say that they are perhaps a little bit more independent than the ordinary person you meet. They are reasonable if they are talked to in their own language; but they are stubborn if you start to push them around. There is one other clause in this bill that I want to mention briefly. It is in connection with fish that may be seized by an inspector.

The Acting Speaker (Mr. Beaudoin): I am sorry to interrupt the hon. member, but as he knows he must speak to the principle of the bill on second reading and not refer to clauses.

Mr. Stuart (Charlotte): Today fisheries inspectors have great authority and if they suspect there might be something wrong with certain types of fish they can seize them. They have authority to hold them for a period of two months. I often wonder, in regard to fresh fish, live lobsters, shellfish and anything of that kind, just what condition they would be in after an inspector had held them for two months. Again I wonder if they were put in cold storage and kept there for two months who would be responsible for the cold storage charges. It is matters of this kind that are bothering the fishermen and men connected with the fishing industry today.

What I should like to see the Department of Fisheries do, and some day I hope they will do it, is to take these young men whom they have in their employ and teach them to the point where they will be able to go out with the fishermen and be helpful. Instead of being a police officer, be a teacher. When we get that sort of set-up in our fisheries department I believe that they will be doing a lot to encourage the fishing industry.

As I said before, these young men are honest; they are fine boys; they are conscientious; but their knowledge of the fishing industry is limited. They have not had the experience. A course of two or three weeks in any part of the Dominion of Canada would not give them sufficient knowledge to go out into the industry today and try to help those engaged in the industry. I do hope that the department will seriously consider the suggestion that instead of an official being a police officer he should go out to assist the industry. May I give one example. In my own province we have a provincial fisheries department. It is very small. There are only two or three in that department. We have one young man there today who has had a lot of experience in the fisheries of our province. For example, some fishermen will rig up a trawler and go trawling. They will go out, drag for several days, and their equip-

ment will not work properly. There is something wrong. The fisherman cannot find out what it is. He calls this young man. I have known him to go out and stay out for four or five days in the bay of Fundy with these men until he found where the trouble was, and rectified it for them. He has gone to different places in the province where they have problems and he has been of great assistance to the fishermen. Today this young man is held in high regard. When we find other inspectors with the federal department who are as qualified and are willing to go out and assist men in the business we shall find little criticism from the fishermen. But as long as the department takes the attitude that it is a police department, that you have got a tough bunch to work with, just so long will these men resent that fact and, I fear, perhaps co-operate less than if they were treated as men are treated in other industries in this country.

Mr. L. T. Stick (Trinity-Conception): Mr. Speaker, I have very few words to utter in this chamber tonight. I would describe this house tonight as a house of the east and the west. Much has been said about the quality of the fish from the different provinces, and it is always of the highest quality. Nothing has been said from the new province with regard to our quality. I would like to say this: when you are judging fish, the taste will tell.

Mr. A. J. Bater (The Battlefords): Mr. Speaker, I am just going to ask a question, but first of all I want to say a word in connection with what the previous speaker has just said. He mentioned the east and the west; but I think tonight all hon. members have forgotten the Saskatchewan whitefish that are sent to New York. I am just going to ask the minister whether this bill, and the act when it is passed, will apply to the inland fish as well as to coastal fish.

Mr. Mayhew: Yes, it does.

Mr. Ferrie: I should like to ask the minister this question. Will they be inspected in the lake?

Some hon. Members: Oh, oh.

Mr. Ferrie: I meant to say at the lake. Will they be inspected at the lake?

The Acting Speaker (Mr. Beaudoin): I must inform the house that the Minister of Fisheries will close the debate if he speaks now.

Mr. W. J. Browne (St. John's West): Before the minister speaks I should like to say a few words.

Mr. Ferrie: I asked a question.

[Mr. Stuart (Charlotte).]

Mr. Browne (St. John's West): If the minister speaks now he will close the debate. We must stick to the rule. Mr. Speaker, what I have to say is this. I presume that this bill, which is only a repetition of an act which is in effect at the present time, and the regulations that are in effect, is devised for the benefit of the fishermen, because the fisherman is the most important man in this whole set-up, not the Minister of Fisheries, not the fish merchant, but the fisherman of whom I represent thousands in my district.

Mr. Stick: You are not the only one.

Mr. Browne (St. John's West): And others.

Mr. Stick: Exactly.

Mr. Browne (St. John's West): We had the hon. member for Nanaimo (Mr. Pearkes) telling us that fish in British Columbia was superb. It would seem to be so from the fact that the regulations do not apply to them. It would also seem that the fishing industry should be a model for the fruit industry, because when we were discussing the fruit industry we found that it was not quite perfect.

In regard to the regulations for inspection of lobsters, we heard the hon. member for Charlotte (Mr. Stuart) saying that assistance of an educational nature was the most important, and not so much inspection. The inspectors should be educators. I believe it is the intention of the department to have the men go around and help teach the fishermen the right way to do things. We found that when co-operative methods were introduced in the lobster business in Newfoundland it was the most beneficial thing that had happened to the lobster industry in the whole history of that province. The value of the lobster to the fishermen increased tremendously. We have to get fishermen into the organization. The minister knows that at present the codfishing industry is controlled by the fisheries board and the merchants. It costs $10,000 to join the fish merchants export association. What I want to point out is that the fisherman has not yet been given the position that he should have in this whole picture. I would suggest to the minister that he give consideration to the appointment of a representative of the fishermen themselves on the fisheries council, or on whatever body is to be in charge.

Mr. Fournier (Hull): That is out of order.

The Acting Speaker (Mr. Beaudoin): If the minister speaks now he will close the debate.

Hon. R. W. Mayhew (Minister of Fisheries): Mr. Speaker, I have no intention of delaying the house or delaying the second reading of this bill, but I do want to answer the hon.

member for Cape Breton South (Mr. Gillis) about the date of the meeting. I have not the setting of the date of the meeting, but I think there will be ample time for the committee on marine and fisheries to have a meeting a week from Monday. There will also be ample time for anyone from any part of Canada to get here who may want to come. Again it will give us time to give the bill all the study it deserves and get it back into the house to have third reading before the house prorogues.

There are several things that I should like to say, but I think I shall have time to say them on the estimates. I do not want to get into a discussion tonight on whether the best fish are to be found on the east coast or the west coast. I think we have starfish at both places. When this bill is in operation—and it will probably take a year before it is in operation—it will mean, I think, a quality of fish better than anything we have had before. Quality in fish is the selling point—and sales regulate any business with which I have ever been connected. I believe if we can get quality in our fish there will be no difficulty in getting sales. We have the greatest potential cold-water fisheries in the world and we can make this industry one of which Canada will be proud.

We cannot pay too much attention to the development of our fisheries, our forests, our farms, our mines—indeed all our natural resources—and the maximum attention will be paid to our fisheries.

When the estimates are before the committee I shall answer all the questions which have been put to me. I have here the answers to the questions asked on Thursday night by the hon. member for St. John's East, but those answers will require some time. Perhaps he would be content if I were to put them on record when we are considering the estimates, on the understanding that he may have them in the meantime if he wishes.

Motion agreed to, bill read the second time and referred to the standing committee on marine and fisheries.

SUPPLY

Hon. Alphonse Fournier (Minister of Public Works) moved that the house go into committee of supply.

Motion agreed to and the house went into committee of supply, Mr. Beaudoin in the chair.

DEPARTMENT OF TRANSPORT

453. Departmental administration, $836,737.

Item agreed to.

Canals service—

455. Canals service—administration, $81,400.

Mr. Green: Let it stand.

Mr. Chevrier: Stands.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): On Monday next the Minister of Trade and Commerce (Mr. Howe) will proceed with the motion to set up a special committee on atomic energy. Then the Minister of Reconstruction and Supply (Mr. Winters) will proceed with the resolution concerning the National Housing Act, 1944; then the resolution to introduce the measure to assist in the construction of the trans-Canada highway. That would be the program.

However, during the day I should like to move to go into supply, and call one item in the Department of External Affairs, because we shall try to have the minister for that department here one day to have a general discussion on his estimates. At the moment it is difficult to have him here. Therefore if I can get into supply I would call one item.

If we conclude all that business we will take up Bills 64 and 65.

Mr. Low: When do you propose to continue the budget debate?

Mr. Fournier (Hull): On Tuesday.

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

[The following item was passed in committee of supply]:

DEPARTMENT OF TRANSPORT

453. Departmental administration, $836,737.

HOUSE OF COMMONS

Monday, October 31, 1949

The house met at three o'clock.

BRITISH NORTH AMERICA ACT

AMENDMENTS TO THE CONSTITUTION—CONSULTATION WITH PROVINCIAL GOVERNMENTS —TABLING OF FURTHER CORRESPONDENCE

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I now table copies of further correspondence with the provincial premiers with respect to amendments to the British North America Act. Perhaps it would be desirable to have them printed as an appendix to *Hansard*, as was done before; and if you would so order, sir, I believe that would meet the wishes of most hon. members.

Mr. Speaker: With the approval of the house I shall make the appropriate order.

(*For text of further correspondence, see appendix, page 1319.*)

PUBLIC ACCOUNTS

FISCAL YEAR ENDING MARCH 31, 1949, TABLED—AUDITOR GENERAL'S REPORT

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): Mr. Speaker, on behalf of the Minister of Finance I wish to table the Public Accounts of Canada and the report of the Auditor General of Canada for the fiscal year ending March 31, 1949.

It is regretted that copies for general distribution are not yet available, but they should be available within a few days.

NATIONAL TRADE MARK

APPLICATION TO COMMODITIES—TRUE LABELLING AND DESCRIPTION

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved the first reading of Bill No. 133 (from the Senate), respecting the application of a national trade mark to commodities and respecting the true description of commodities.

Motion agreed to and bill read the first time.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 134, for the relief of Cicely Manley Sampson.—Mr. Winkler.

Bill No. 135, for the relief of Paul Paquette. —Mr. Winkler.

Bill No. 136, for the relief of Joseph Simon Adelard Barrette.—Mr. Winkler.

Bill No. 137, for the relief of Edith Daisy Steer Catto.—Mr. Winkler.

Bill No. 138, for the relief of Gwen Pollock Harris.—Mr. Winkler.

Bill No. 139, for the relief of Sonia Eagle Davies.—Mr. Weir.

Bill No. 140, for the relief of Evelyne Louis Steinwold.—Mr. Winkler.

Bill No. 141, for the relief of John Gilbert Speak.—Mr. Winkler.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

WHEAT—FREIGHT RATES—VANCOUVER TO LAKEHEAD—SHIPMENTS THROUGH CHURCHILL

Mr. Wright:

1. How much additional freight was paid by the wheat board on wheat shipped to Fort William and Port Arthur from points tributary to Vancouver during each of the crop years, from 1939-40 to 1948-49, inclusive?

2. During the same crop years, what surpluses accrued to the wheat board through lower freight rates from points tributary to Port Churchill on wheat shipped to the Port of Churchill?

Mr. McIlraith:

1. Wheat crop	Additional freight paid gross	Additional freight paid net
1939	$2,015,615.44	$2,015,615.44
1940	3,543,171.31	3,543,171.31
1941	1,027,883.68	1,027,883.68
1942	896,073.57	896,073.57
1943	940,181.74	852,167.83
1944	1,664,226.17	1,660,651.48

Note: During the war years from 1939 to 1944 the ocean shipping was such that only a very small quantity of wheat could be exported through Pacific coast ports. Under these circumstances substantial quantities of wheat were moved eastward from delivery points having a freight differential in favour of Vancouver.

Wheat crop account	Additional freight paid gross	Additional freight paid net
1945	$ 150,353.46	$ 66,434.47
1946	361,019.79	21,331.80
1947	686,184.63	16,674.74
1948	396,708.73	24,084.76

Note: From August 1, 1945, to date, the bulk of additional freight paid on the eastern movement of wheat from delivery points in

the Vancouver freight rate area has been recovered in board sales. The principal recoveries were from the United Kingdom and from the agricultural supplies board in respect to feed wheat shipped eastward.

2. Crop account

1939	$ 9,760.22
1940	1,129.44
1941	—
1942	—
1943	—
1944	—
1945	859.45
1946	47,615.59
1947	31,063.04
1948	46,658.69

Note: The figures shown above deal exclusively with the freight saving on wheat shipped to Churchill as compared with the freight which would have been paid on the same wheat had it been moved to the lakehead. These figures do not take into account the diversion charge paid to elevator companies in respect to Churchill shipments. From August 1, 1939, to July 31, 1949, the Churchill diversion charges were as follows:

From August 1, 1939, to July 31, 1940, 1½¢ per bushel.

From August 1, 1940, to July 31, 1947, 1¢ per bushel.

From August 1, 1947, to date, 1½¢ per bushel.

The following table shows diversion charges paid by the board on wheat shipped to Churchill:

Crop year Crop account	Diversion Premiums Paid
1939	$ 5,707.77
1940	457.24
1941	——
1942	——
1943	——
1944	——
1945	703.03
1946	48,187.81
1947	55,120.78
1948	63,108.86

SALES TAX—ICE CREAM

Mr. Knight:

1. Has the government received widely spread representation requesting the abolition of the sales tax at present imposed upon ice cream?

2. If so, what action has been taken by the government in regard to these requests?

Mr. Sinclair:

1. Yes.

2. None.

[Mr. McIlraith.]

R.C.A.F.—FLYING RISK ALLOWANCE

Mr. Johnston:

1. Is flying risk allowance being continued in the air force? If not, when will it be restored?

2. Have there been any changes in the allotment of this allowance? If so, what are they?

3. What branches of the air force receive this allowance?

4. Under what conditions is risk allowance given?

5. What is the amount payable?

Mr. Blanchette:

1. Yes.

2. Yes, as follows:

(a) Active service during the war, flying pay (now risk allowance).

Officers—General list, $2 a day; Non-flying list, $2 a day for each day of flying on duty in service aircraft.

Other ranks—Aircrew, $0.75 to $1 per day dependent upon qualification, e.g., pilot, air gunner, etc. Non-aircrew, $0.75 per day for each day of flying on duty in service aircraft.

(b) Peacetime service—Risk allowance (formerly flying pay), payable under conditions stated in answer to question 4 and at the rate stated in answer to question 5.

3. Aircrew officers, aircrew trainees, and crewmen (other ranks) who fulfil the conditions stated in answer to question 4.

4. Risk allowance is payable to:

(a) Aircrew officers on the strength of units whose normal function is flying.

(b) Aircrew officers not on the strength of flying units, provided they fly as members of an aircrew for not less than eight hours per month.

(c) Personnel undergoing flying training, for the full period of such training.

(d) Other ranks who form part of the crews of aircraft in accordance with established quotas, ranging from one crewman for every four two-seater aircraft to four crewmen for each multi-engined aircraft engaged in photographic operations and fitted with Shoran equipment.

5. $30 per month for all ranks.

CANADIAN NATIONAL RAILWAYS—IMPORTS OF UNITED STATES COAL

Mr. Brooks:

1. What quantity of United States coal has been imported for use by the Canadian National Railways, Atlantic region, for (a) the calendar year 1948; (b) the year 1949 to October 1?

2. What quantity of American coal is on hand for use by Canadian National Railways at Campbellton, New Brunswick?

Mr. McIlraith:

The Canadian National Railways advise as follows:

1. (a) 272,625 tons; (b) 151,282 tons.

2. The stockpile at Campbellton includes coals of Canadian and United States origin. Quantities are not separated, but United States content is estimated to be about 18,248 tons.

TEXTILE INDUSTRY—REQUEST FOR ROYAL COMMISSION

Mr. Coldwell:

1. Has the government received a request from Mr. Samuel Baron, Canadian director of the Textile Workers Union of America, for a royal commission to investigate conditions in the Canadian textile industry resulting from devaluation?

2. If so, has the government given consideration to this request?

3. Has any decision been reached?

4. If so, what is the nature of the decision?

5. Will the government consider the appointment of a royal commission to investigate all phases of the Canadian textile industry, including capitalization, profits, wages, and working conditions?

Mr. St. Laurent:

1. Yes.

2. Yes.

3. Yes.

4. The government believes that it is as yet too early to assess the results of devaluation on our trade with the United Kingdom in textiles. Therefore it does not feel that such a royal commission should be appointed.

5. No.

AGRICULTURE—RECORD OF PERFORMANCE INSPECTORS—LANGUAGE QUALIFICATION

Mr. Viau:

1. Did the Department of Agriculture request through the civil service commission during the years 1948 and 1949, applications for record of performance inspectors?

2. If so, how many are to be employed in the various centres throughout Canada?

3. How many for each province?

4. How many in each province are required to have a knowledge of both the English and French languages?

5. Were applicants for Manitoba required to have a knowledge of both the English and French languages? If not, why not?

Mr. McCubbin:

1. Yes.

2 and 3. Prince Edward Island, 4, 1 vacant; Nova Scotia, 5; New Brunswick, 5, 1 vacant; Quebec, 37, 3 vacant; Ontario, 81, 7 vacant; Manitoba, 2; Saskatchewan, 3; Alberta, 3, 1 vacant; British Columbia, 8.

4. A knowledge of the English and French languages is not required in any province with the exception of Quebec. In this province seventeen are required to have knowledge of both English and French languages.

5. No. In order to give adequate service to breeders operating under the policy in Manitoba it has not been found necessary to require a knowledge of both the English and the French language by the inspectors.

INDIAN HEALTH SERVICES—FEES FOR MEDICAL CARE

Mr. Shaw:

1. Does the Department of National Health and Welfare (Indian health services) have a set schedule of fees payable to the medical profession across Canada for the care of Indians when such attendance is rendered on a fee for service basis?

2. Are all accounts submitted by members of the medical profession for service rendered to Indians, paid in accordance with this set schedule?

3. If not, under what circumstances is a different schedule applied?

Mr. Claxton:

1. Yes.

2. Yes.

3. See answers to Nos. 1 and 2 above.

QUESTION PASSED AS ORDER FOR RETURN

YORK TOWNSHIP, ONT., POST OFFICE—FOREST HILL

Mr. Noseworthy:

What consideration is the government giving to the provision of a post office for either or both the village of Forest Hill and the township of York?

MOTIONS FOR PAPERS

IRRIGATION—ALBERTA AND SASKATCHEWAN

Mr. Argue:

For a copy of all correspondence, telegrams, agreements and other documents exchanged between the government of Canada and the provinces of Alberta and Saskatchewan since January 1, 1944, in connection with irrigation development within these provinces?

IRRIGATION—PRAIRIE PROVINCES

Mr. Argue:

For a copy of all orders in council passed since January 1, 1944, setting forth government policy in relation to irrigation development in Alberta, Saskatchewan and Manitoba.

YORK TOWNSHIP, ONT., POST OFFICE—FOREST HILL

Mr. Noseworthy:

For a copy of all correspondence, telegrams and other documents exchanged between the office of the Postmaster General, and individuals and organizations, in Forest Hill and York township, between January 1, 1946 and October 25, 1949, relating to the provision of a post office in Forest Hill and/or York township.

ATOMIC ENERGY

APPOINTMENT OF COMMITTEE TO EXAMINE INTO OPERATIONS OF CONTROL BOARD

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved:

That a special committee be appointed to examine into the operations of the atomic energy control

board; that the said committee be empowered to sit during the sittings of the house and to print such papers and evidence from day to day as may be ordered by the committee; and to report from time to time; that the said committee consist of Messrs. Breithaupt, Brooks, Coldwell, Bourget, Gibson (Comox-Alberni), Green, Kirk (Digby-Yarmouth), Low, McCusker, McIlraith, Murphy, Pinard, Stuart (Charlotte), Winkler.

He said: Mr. Speaker, in moving that a special committee of the house be appointed to examine into the operations of the atomic energy control board, it might not be out of place for me to recall briefly the developments that have taken place in this field in Canada.

Canada's association with the development in nuclear physics dates back to Lord Rutherford's investigation of radioactivity at McGill university in 1899. In Canada, as elsewhere, this research was at first largely a matter of concern of the physics departments of the various universities. It was pure research concerned with driving back the frontiers of human knowledge rather than with any so-called practical application of the knowledge thus gained.

The theoretical equivalence of mass and energy had come to be accepted early in this century. However, it was not until 1939, with the discovery in Germany that, under certain conditions, the atom of a particular isotope of uranium would split into two nearly equal parts, that the matter began to assume practical implications. This split, or fission, as it came to be called, was accompanied by an enormous release of energy. Very soon the theory was advanced that the process might be made to propagate itself as a chain reaction.

Calculations made at the time showed that a few pounds of uranium undergoing fission might release energy equivalent to something like 20,000 tons of T.N.T. Thus the possibility opened up of a new weapon of war of fantastic power relative to anything which had been previously used. When world war II broke out, the possibility of producing a weapon based on a nuclear chain reaction became of immense importance to all governments. If this could be done, obviously the nation which succeeded first might well gain a decisive advantage.

From 1940 on, information on the possibility of producing an atomic weapon was interchanged between Britain, the United States and Canada. Towards the end of 1942, plans were made for an important section of the work to be carried on in Canada, and accordingly a joint laboratory of United Kingdom and Canadian staff was established in Montreal under the administration of the national research council. In addition to carrying out the research work in the Montreal laboratory, and other research in the national research council in Ottawa, in the laboratories of the Department of Mines and Resources and at the universities throughout the country, Canada contributed many men to the scientific work on projects in the United States and in the United Kingdom. We also set up the necessary control of radioactive substances under the metals controller.

A further development was the decision to build a pilot plant for the production of plutonium by a heavy water reactor at Chalk River. I might say that the scientists had worked out two or three alternative possible methods for producing plutonium, which is a new element possessing explosive properties. The United States, which was carrying the development burden at that time, largely because of its great resources in money and productive capacity, undertook to try out two or three possible methods, but this method of using the heavy water reactor was not one of them. It was suggested that Canada try it; so that line of development was undertaken as a Canadian project. This plant was approaching completion on schedule when the war ended. We then found ourselves in the very fortunate position of having in existence facilities capable of carrying forward research in atomic energy, but not so large nor so expensive to operate as would make their continued use prohibitive in peacetime.

The atomic energy control board was established by the Atomic Energy Control Act, 1946, to administer the atomic energy program in Canada and continue the control of radioactive material. As hon. members will recall, the board reports to the committee of the privy council on scientific and industrial research, as does the national research council. The chairman of that committee, of course, represents the committee on the floor of the house and tables the annual reports of the board.

Shortly after its formation the board was made responsible for the control and administration of the Chalk River plant. In order that large scale research on the production and application of atomic energy might be carried on in Canada, the board decided that this plant should be completed and maintained as a research establishment. It requested the national research council to operate the plant on its behalf.

The plant and the associated residential village are located on expropriated areas totalling about ten thousand acres, of which the village accounts for slightly less than one square mile and the plant site for the other fifteen square miles. A quite small proportion of the plant site is actually occupied by the plant proper, the remainder assuring isolation from privately owned

property. The fact that the property adjoins one end of the large Petawawa military reserve reduced the amount of land which had to be expropriated, that end of the reserve being unoccupied. The plant consists of approximately one hundred-odd buildings and structures, along with the outside steam, air, power, water and sewer lines serving them.

Of most of the buildings it need only be said that they are of conventional type, built for semi-permanence. All are on concrete foundations, and most are of wooden frame construction. There are, however, a number of structures which, by their nature, are of a permanent type. Into this category fall the power house, filtration plant and pile building, all of which are of concrete, steel and brick.

The pile building is the central feature of the project, but it will be realized that the details of the pile are still of a secret nature and cannot yet be disclosed. Recently, however, the pile has been referred to by the director of reactor development of the United States atomic energy commission as having the most advanced design and performance of present known reactors.

In order to house plant personnel, a spot on the Ottawa river six or seven miles away from the plant was chosen for the site of a village. Although this extent of separation of plant and village may have been unnecessarily large, the site chosen is considerably more attractive than those available nearer to the operating area. At the village, housing units were provided in single dwellings, mostly of the wartime type, in multiple dwellings, in staff hotel and dormitory blocks. The village has a population of nearly two thousand. There is not sufficient living accommodation in the village to house all the employees, but more houses are being built each year, and it is hoped to remedy the situation within a few years.

I should like now to say something about atomic energy in general, and then speak of what is going on in the plant.

When the first bomb was dropped, it was realized that an unbelievably large source of energy, which it had been thought would never be practically available, had actually been tapped. It was, and still is, impossible to say just when or how this reservoir of available power will be harnessed in a large way to peaceful pursuits, but it is certain that the world's potential source of energy has been increased many thousandfold by this development.

To give a practical illustration, I hold in my hand a small cylinder of natural metallic uranium. It has been calculated that if every bit of this very heavy metal could be turned into energy, we would get the same quantity of power that could be developed by about 500,000 tons of coal, or about the power we now get out of the large Shipshaw plant in one year. Of course this cannot be done at the moment, but there is little doubt that some day we shall be able to fly to remote areas, in one small aeroplane, more potential power in the form of nuclear fuel than can be hauled today in a hundred railway coal cars, and one does not require an extraordinary imagination to envisage what that may mean to future development. But there are many problems to be solved before commercial atomic power is an economic reality. Chalk River is working vigorously on the fundamental problems involved, and is keeping in as close touch as possible with what is going on in other countries.

While commercial atomic power is definitely not just around the corner, there are immediate dividends in connection with radioactive isotopes and their use in medicine, biological research and industrial applications which some people feel may ultimately yield greater and more significant returns than all the conceivable applications of ordinary power.

Radioactive isotopes have three main uses. They are useful as tracers in research and analytical procedures. They hold great promise in the field of medicine for clinical use as a radioactive source, and they have almost limitless possibilities in the broad field of industry, for control and other purposes.

Perhaps a few examples would be helpful. For instance, iodine is known to concentrate in the thyroid gland; hence if a compound containing radioactive iodine is given to a patient, the course of its path through the body may be traced and the rate of accumulation in the thyroid can be determined by instruments outside the human body which record intensities of radiation. It can easily be seen that in a similar way, where treatment by radiation has proved helpful, it may be possible in the future to carry that radiation to the proper tissues by radioisotopes.

There is surely an immense field for the use of tracers in research work in chemistry, in biology and in medicine. In determining just what happens in biological processes, the tracer techniques provide a new tool as potentially novel and useful as was the microscope when first introduced. In the treatment of disease there is a future so hopeful that many believe the benefits from medical research alone will some day repay manyfold all our considerable expenditures.

I could go on giving you scores of examples of the use that is now being made of radioisotopes by Canadian scientists, but time will not permit. I do want to say, however, that in the field of agriculture also the experiments being carried out in western Canada have already given most important information about the way in which plants take up elements from fertilizers, where the various nutritional elements in feeds go, and how they are assimilated. It is predicted that the use of tracers will have a profound effect on agricultural science and production.

But perhaps the greatest quantitative use of tracers will be in industry. Even today isotopes and radiation are being used in scores of industries, in chemical plants, in metallurgy, in textiles, in the oil industry, and in thousands of plants, particularly in the United States where intensive studies are being made everywhere to see if industrial processes cannot be improved and costs cut down by use of this new technique. For instance, in mixing chemicals, tracers can indicate accurately how much of each type is in the final product. Again, where raw materials from different parts of the world go into one product, and where quality is effected by blending, tracer techniques can provide easily the definite answer wanted as to just how much of each ingredient is in the final product. In metallurgy the uses are obvious and many. In studies of the wear of bearings it has been possible to detect the migration of atoms of metals from one piece to another, information that it was heretofore impossible to obtain. Also the phenomena of annealing, grain growth, and transformation of one type of iron into another can be closely studied. I could go on with other uses, but I think it is hardly necessary for me to do so.

I should now like to say something as to what is being done at the moment at Chalk River. The pile is running satisfactorily; the project is producing, using and distributing a series of radioisotopes, and the research and engineering staffs are extremely busy on an extensive series of investigations on the chemical, biological, medical and industrial uses of isotopes. The project is also carrying on fundamental nuclear investigations on the effect of radiation on structural material which are necessary before commercial atomic energy plants can become a practical economic reality.

I might say that for the most part the materials that are used in ordinary construction cannot be used in handling radioactive material, since they absorb radioactivity from the material, hence a whole technology of new materials must be worked out as we adapt atomic energy for commercial use.

In the field of radioactive isotopes the situation has more immediate promise. Chalk River is now making dozens of different kinds and is regularly distributing to Canadian universities and institutions quantities of many of the more important radioisotopes, such as radioactive phosphorus, sodium, carbon, calcium, iodine, etc. In addition, of course, even larger quantities are being used in the national research laboratories at Chalk River and elsewhere.

From what I have said I hope that hon. members will appreciate that the Chalk River project is not an ordinary industrial undertaking. It is really an exploration expedition into a land of great promise. We have a professional staff of about 195, an additional 965 non-professional employees, and, besides the output of isotopes and plutonium, many original scientific papers are being issued, and these are rapidly establishing the scientific quality and reputation of this Canadian scientific centre, which even now is a place to which the great scientists of the world come for discussions and information. While the tangible and immediate results in production, in research and in development are impressive and worth while, I would like to remind the house that the ultimate results of the best research can seldom be immediately discerned. We know by experience that where we have first-rate research in any field there is almost sure to be an overflow into adjacent fields, and the unexpected harvests are often the most valuable.

I suggest to the house that this rather large enterprise started at Chalk River in a time of war is turning out to be an absolutely first-rate effort that will continue in the years to come to be a credit to Canada in every sense. I suggest that the committee will find its study of the work being carried on in the field of atomic energy of absorbing interest. Although I have been intimately associated with this work from 1942 to the present time, I would hesitate to lay claim to any scientific knowledge of the subject. I say that so that members of the committee will not be so ambitious as to hope to be able to master the science in a few sittings. The committee can count on the fullest co-operation from the atomic energy control board, from the national research council, from the staff at Chalk River, and from the government as a whole, in any direction that will facilitate its work.

Hon. members may have noticed that the powers of the committee as set out in the resolution do not include the power to send

for papers and persons. The reason is that we have secrecy provisions in the field of atomic energy which are common to Canada, the United States and Great Britain. The agreement between the three powers provides that certain classifications of information—a smaller class now than during the war years—must be kept wholly secret. Certain communications come to me which I am not at liberty to disclose to anyone else. Therefore we think that difficulties might be presented if the committee had the power to send for papers. All the information about atomic energy is in the hands of officers of the government. I can give the members of the committee the assurance that any member of the government the committee wishes to question will be presented before the committee, and that any papers that may be called for will be presented to the committee, provided that they are not still on the classified and secret list. With this assurance the committee should have no difficulty in working within its present terms of reference.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, this is one of those happy occasions on which every party in the house is in agreement. As I listened to the Minister of Trade and Commerce (Mr. Howe) this afternoon and looked around the chamber I thought that one very promising feature of the occasion was the interest being taken in this debate. It recalled to my mind the debate which took place in 1946, when the bill was passed setting up the atomic energy control board. At that time barely a handful of hon. members stayed in the house, even to listen to the minister. Perhaps the reason for that was that the hon. members, like Canadians generally, were overwhelmed by the immensity of the development of atomic energy, and particularly overwhelmed by the power of the atomic bomb. However, in the intervening three years we seem to have developed. It is a hopeful aspect of the matter that so many hon. members are interested today. I believe the public generally are also greatly interested in this question of atomic energy.

The official opposition can hardly oppose the setting up of this committee, because we have pressed for it from the time of the first debate in 1946. Throughout we have been supported by the members of the C.C.F. party and of the Social Credit party, and have been grateful for that support.

The situation of course, Mr. Speaker, has been an anomalous one, because from the start in the United States they have had a committee of congress. In fact they have had three committees: a committee of congress, a committee of the defence forces, and a committee chosen from scientists and from the business world. These three committees were set up as watchdog committees to check the operations of the United States atomic energy commission. In Canada we have had nothing of the kind, and the Minister of Trade and Commerce alone of all hon. members—perhaps there have been one or two others—has been the only one in Canada really in touch with the development of atomic energy. That has not been entirely wise, particularly because Canada has been concentrating on the development of atomic energy for peaceful uses.

I am sure that the setting up of the committee will give the members of the committee a better understanding of the potentialities of atomic energy. Further it will be noticed that power is given to the committee to report back to parliament. In that way all hon. members should get a better understanding of atomic energy. I suggest to you, Mr. Speaker, that in a country where we have a democratic system of government it is essential that on all public questions parliament should be kept informed to the greatest degree possible.

I hope also that as a result of the setting up of this committee the Canadian people will get a better understanding of the potentialities of atomic energy. Much interest is now being taken in this subject, as I said a few moments ago. Of course that interest was heightened by the announcement a few weeks ago that the Soviet union is now able to make the atomic bomb. I am confident that that impressed itself on the minds of the Canadian people, just as it did on the minds of hon. members. Furthermore, Canadians have always taken a deep interest in new developments, because we are still a pioneering people, and perhaps take greater interest in new things than any of the countries of the old world.

Although Canada has been working in the industrial field with regard to atomic energy, there has been little opportunity for our people to follow what is being done. Consequently there has been much lack of knowledge, and great confusion with regard to this question. I am sure the position today is that as a result there is no public opinion behind the plans of the government with regard to atomic energy. In the long run the burden of making decisions concerning atomic energy, or any other question, rests squarely on the shoulders of the people as a whole, and not solely on members of the government or members of parliament.

The minister has pointed out that Canada is in a favoured position with regard to atomic energy. Of course this is true. There

are several ways in which we have been particularly favoured. In the first place we got in on the ground floor. As the minister said today, Canada has been involved in the development of atomic energy since 1940. We were in at the start with the American and the British. I hold in my hand the declaration on atomic energy which was made on November 15, 1945, nearly four years ago, by the President of the United States, the Prime Minister of the United Kingdom and the Prime Minister of Canada. It was an historic declaration. I suggest to hon. members who are here for the first time that they would be well advised to secure a copy and read the statesmanlike declaration made at this time by the leaders of these three countries.

Canada has been a partner from the start, although I notice in the press of today an indication that we are not quite a full partner. Apparently the United States is not yet in a position to make full disclosure of the developments in that country for industrial uses. I believe the Minister of Trade and Commerce was quite correct in taking the stand he is quoted as having taken, to the effect that so far as Canada is concerned she proposes to continue supplying the United States with uranium, although the government of the United States had not yet received power to pass on all the information available in that country. Apparently part of the agreement between the United Kingdom, the United States and Canada was that such information should be exchanged. This agreement expires at the end of this year, and Canada has now offered to carry on her part by continuing the supply of uranium. I feel confident that in due course the United States will make arrangements to give Canada and Great Britain any information that may be available for industrial uses.

We are also in a favoured position—and in this instance a more favoured position than the United States,—because we have the raw materials. We have the uranium in Canada, and also the hydroelectric power with which to produce heavy water,—one of the essential components in the use of atomic energy in the industrial world. I do not pretend to know anything about the scientific end of this business, nor do I suppose many hon. members who will serve on the committee will know much about it, even after we have completed our deliberations. Certainly, however, Canada is in a most favoured position in being able to supply the necessary raw materials.

We are in a favoured position too, because the Canadian people from coast to coast are interested in prospecting. In these days one ing into one's own back yard, in search of never knows when a prospector may be peer-uranium. There seem to be only a few who are successful, but the urge to go out to find uranium is now very much like the old urge to go to the Yukon to find gold. This urge to prospect is a good thing.

Then we have the scientists and engineers. I believe tribute should be paid to Canadian scientists for the part they have taken in the development of atomic energy. In this connection one must also pay tribute to Canadian universities, of which ten, according to the annual report of the atomic energy control board for the fiscal year 1948-1949, are co-operating with the board. These are the universities of British Columbia, Alberta, Saskatchewan and Manitoba; McMaster university, the university of Toronto, Queen's university, McGill university, Macdonald college and Dalhousie. All have rendered excellent service—and there may have been others.

Finally, Canada is a member of the atomic energy commission of the United Nations, and we shall continue to hold that membership even when not a member of the security council. As I understand the situation, the eleven nations which have representatives on the security council, and Canada, constitute the atomic energy commission of the United Nations.

Canada appears to be the leader in the industrial field. I have before me a press dispatch containing a speech made three or four days ago by Dr. C. J. Mackenzie, president of the national research council and chairman of the atomic energy control board. He is quoted as saying:

> Canada's experimental work so far has placed her in the forefront of the nations in the industrial field. Canada's main interest is in the peacetime application of atomic energy.

Today one need not dwell on the potentialities of atomic energy. The minister has placed on record some startling statements concerning those potentialities. In a speech delivered on May 28 he made this remarkable statement about atomic energy:

> Canada is in the front line of this the most exciting scientific venture of all times.

A somewhat similar statement has been made by Dr. Mackenzie. Last Saturday a statement was made by Kenneth F. Tupper, the new dean of the faculty of applied science and engineering at the university of Toronto. Dean Tupper has been associated with the work at Chalk River, and, in the course of a statement somewhat similar to that made by the minister, he pointed out one great difficulty, namely, that because of the military uses to which atomic energy can be put, the development for industrial purposes is being held back. In other words the need for some

military control is making it more difficult to develop atomic energy for peacetime purposes. He said in part:

> The peacetime use of atomic energy for fuel or power awaits the solution of its international control . . . Until we have achieved a state of assured world peace, nations will not forgo the hoarding of nuclear fuels for possible military use.

The article goes on to say:

> Dean Tupper, who since 1947 has been director of the engineering division of the atomic energy project at Chalk River, said there was not the slightest doubt that atomic energy could be used for fuel.

So we shall still be hampered by the failure of the nations of the world to agree on some method of controlling atomic energy, in a military sense.

Concerning what this wonderful development may mean for Canada, we of the official opposition believe that, to as great an extent as possible, atomic energy should be used in Canada for Canadians. We do not say that it must not be supplied to other nations, but we urge that it be used in Canada for Canadians to the fullest possible extent. We believe, too, that in this field Canada can be of great help to other nations. There is a significant paragraph in the declaration on atomic energy made in 1945 by the three leaders. It reads as follows:

> Representing as we do the three countries which possess the knowledge essential to the use of atomic energy, we declare at the outset our willingness, as a first contribution, to proceed with the exchange of fundamental scientific information and the interchange of scientists and scientific literature for peaceful ends with any nation that will fully reciprocate.

I hope that this is still the policy of the Canadian government, because I have no doubt that the declaration expresses Canadian feelings. The developments in Canada may be the means of helping not only Canadians but the peoples of all nations. I sometimes wonder if creating better means by which nations can help other nations, may not be the only way to bring about world co-operation and indeed to do away with war.

In conclusion I should like to say a word or two about this special committee. We realize that the setting up of the committee is in the nature of an experiment. It is a special committee and as such will pass out of existence at the end of the present session. We hope that if the work of the committee is successful the government will have it appointed again in the session of 1950. Some comment has been made on the fact that no power is being given to the committee to call witnesses or to send for papers, but the Minister of Trade and Commerce explained that this afternoon.

I do not think the government need worry about the committee. The importance of the subject is clearly realized, not only by members who are to serve on the committee, but also by the house at large. Personally I feel it a great honour to be chosen to serve on the committee and I am confident that all other hon. members who are to serve on it feel the same way. I think the minister will find that a deep sense of responsibility will be shown by the members of the committee, and I am sure that they will take up their work in a spirit of service to their fellow Canadians.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, like the Minister of Trade and Commerce (Mr. Howe) and the hon. member for Vancouver-Quadra (Mr. Green) I feel that while this debate may not be the most important of this session, the subject under discussion is probably the most important we could discuss at this or any other time. None of us know much about atomic energy, but some of us have been interested in it from the time the first bomb fell on Hiroshima.

I had the good fortune in December, 1945, to be invited to attend a meeting in New York called by the New York *Nation*, to which a number of scientists who had been instrumental in splitting the atom and in making the bomb had been invited. My contribution this afternoon will to some extent be made upon the basis of what I learned at that time, and the information I have been able to obtain since from the bulletins issued during the last several years by a group of atomic scientists.

It is true that in the United States they have several committees dealing with atomic energy, one being a congressional committee; but I hope that our committee will not follow the course pursued by the committee of congress, which has been mainly one of witch-hunting and has been of little value in the field of atomic energy. Indeed I would go so far as to say that it has been distinctly detrimental to the best interests of the development of this great power in the United States and throughout the world.

It is important that members of parliament, even those with scientific and engineering knowledge as limited as my own, should have some understanding of this most important problem. As I think I said in this house in 1946, the discovery of atomic energy is the greatest discovery made by man since the discovery of the use of fire. It has promise of great development, for good or for evil. I saw a paragraph in a recent atomic energy bulletin, the "Bulletin of the Atomic Scientists" for August and September, which I think is worth putting before the house,

because it emphasizes the difficulties faced by a legislative body such as this when dealing with a matter of this kind and formulating policies in regard thereto. Referring largely to the activities of the congressional committee in the United States, the bulletin states:

> If the democratic system of government is not to become a mere shell, through the incapacity of the legislators to understand some of the most important things about which they legislate, some changes are needed. In the first place, the legislators must be provided with really competent advisers, whose integrity, independence, and competence they trust. It will also be necessary for the AEC to take the responsible members of the committee more intimately into its confidence than it seems to have done, so that the committee will not suffer from the sense of bafflement which only aggravates the elements of pettiness and pique which are so often present in our political life. Beyond this, major political parties or at least their congressional representatives, could perhaps give consideration to introducing some representation of scientists and technologists into their inner councils, and even into congress (if a constituency can be found willing to have such an unorthodox representation, and if scientists are capable of that degree of public spirit and political ambition). A few competent scientists and engineers, scattered over the benches of the majority and of the opposition, might enable committees dealing with scientific and technical matters to lift future investigations of the AEC—and the AEC should be probed by congress often and deeply—to a much higher level than Senator Hickenlooper has achieved.

I think that statement is perfectly true. We do not want to descend to the level to which they have descended in the United States. We want to be in position to listen to the advice and information which can be given to us by people whom we can trust. After all, I believe we have a group of men and women working in the scientific field in this country, at Chalk River and in the national research council, which in proportion to our population is one of the best in the world. In one of these bulletins—I cannot just put my hand on it at the moment—I remember reading an article by Professor Harold Urey, one of the modern atom scientists. Discussing the difficulties that had arisen in the atomic energy commission of the United Nations, he went on to say that the technical problems before that commission were elucidated by the one man who understood them intimately, and he named General McNaughton, Canada's representative on that commission. Consequently we do not have to be ashamed of what Canada has done and is doing in this field.

I am happy indeed to have an opportunity of serving on this committee. I know that many other hon. members envy some of us the opportunity we have been given in this connection. The hon. member for Vancouver-Quadra (Mr. Green) remarked that this matter had been brought to the attention of the people of Canada once again by the announcement, two or three weeks ago, that Russia had succeeded in making an atomic bomb. If I may refer to the conference I attended in New York in December, 1945, I remember distinctly that Professor Szilard and others who spoke on that occasion prophesied that within a measurable period of time—some of them said within five years—the atomic bomb would no longer be a secret resting with one, two or three countries. After all, if scientific knowledge is to be useful to the world, it must be made freely available. I do not think the hon. member for Vancouver-Quadra quite meant this, and if he did, I do not go along with him; but I understood him to say we should endeavour to use our knowledge of atomic energy purely for the good of the Canadian people.

Mr. Green: No, I did not say that.

Mr. Coldwell: I did not think the hon. member meant that, though that interpretation might have been placed upon his words. This is a world problem, and I am one of those who believe that no amount of blacking out on the part of Russia, the United States or any other country can prevent scientific knowledge from passing around the world and becoming available to all first-class scientists. This, I think, has been illustrated by the fact that recently we have learned that the atomic bomb is no longer the secret of any one nation.

I refer again to the most recent of these bulletins I have already mentioned, that of October, 1949—and here I am quoting an authoritative document in this particular field. The board of sponsors comprises J. Robert Oppenheimer as chairman, Harold C. Urey as vice-chairman, and among the members such names as Albert Einstein, James Franck, E. U. Condon, and a number of others; therefore it can be regarded as an authoritative document in regard to these matters. These scientists give a new warning to the world. In a letter signed by Harrison Brown, James Franck, Joseph E. Mayer, Leo Szilard and Harold Urey, they quoted from an article in the New York *Times* of September 28, 1949, in which General Walter Bedell Smith, former ambassador to the Soviet union, speaking of Russia's production of atomic bombs, was reported to have stated:

> I said a month ago at the governors' conference in Colorado that they would probably test the bomb in a few months. However, I believe that it will take Soviet Russia at least ten years to get to the point of mass production that we have now reached. I know that American techniques and industrial

skills are far better than the best the soviet can offer. There is no reason for the soviet to reach, in less than ten years, the mass production that we have reached now.

Commenting on that statement, they say:

We, the undersigned, are aware of the problems involved in the large-scale production of atomic bombs. To our regret we have to say that the above statement, attributed by the New York *Times* to General Bedell Smith, has no basis in fact.

That is signed, as I have indicated, by the scientists I named. In our discussion of this important matter I do not think we should concentrate upon the atomic bomb. I had hoped that long ere this the United Nations would have reached agreement on a plan to control it. I think I understand fairly well the plan that was approved by the assembly of the United Nations, the only people voting against it, if I remember rightly, being the Soviet union and the nations associated with it or under its domination. That plan has not been made effective. Last Saturday night, in the weekly report from the United Nations at Lake Success, given by our own Secretary of State for External Affairs (Mr. Pearson), I noticed a new suggestion, a modification of that plan, so in the light of more recent events perhaps the nations are reconsidering the situation.

I believe we must have world control of atomic energy in some form, with adequate inspection, and no iron curtain to keep inspectors out of any country at all. We must have free access, for inspection, to all factories, industries, and so on, producing atomic energy materials. In this way we can probably approach the time when atomic energy may be used for the good of mankind. I do not think any of us in the house this afternoon could have helped being greatly impressed when the Minister of Trade and Commerce held in his hand a small cylinder of uranium and told us that, turned into energy, it could replace hundreds of thousands of tons of coal, if mankind could but reach the stage at which that energy could be so utilized. In some respects it is almost a terrifying thing, not only from the point of view of war but from the point of view of peace. It means that if this comes about—and I should not say "if", because it will come about—it will mean a complete revolution in our society, a complete transformation of our industrial processes, a greater industrial revolution than that which occurred when coking coal was first used for the manufacture of steel, starting the industrial revolution of almost two hundred years ago. I think perhaps that thought was in the mind of one of the men who split the atom when he spoke in New York, as I heard him speak, on the occasion to which I have referred. I have in my hand a transcript of his speech; and on that occasion Dr. Leo Szilard, one of the famous atom scientists, said:

On the third day of March, 1939, Dr. Walter Zinn and I performed a simple experiment on the seventh floor of the Pupin building at Columbia.

After two days of preparation, everything was ready and all we had to do was turn a switch, lean back and watch the screen of a television tube.

If flashes of light appeared on the screen, that would mean that neutrons were emitted in the fission process of uranium, and this in turn would mean that the large scale liberation of atomic energy was just around the corner.

We turned the switch and we saw the flashes. We watched them for a little while and then we switched everything off and went home.

That night there was very little doubt in my mind the world was headed for grief.

This crucial phenomenon was independently discovered just about the same time by Anderson and Formi, and by Halban, Joliot and Kovarski. They used different methods, but arrived at the same conclusions; and I have, therefore, good hopes that my own plea of not guilty will receive merciful consideration in the heavenly court of justice.

The first use to which this great new potent energy was put was the mass destruction of mankind.

A little later in the same address, the same scientist said this:

Let me try, then, to reduce to a simple formula what I believe to be the difficulty that we have to overcome.

Politics has been defined as the art of the possible. Science might be defined as the art of the impossible. The crisis which is upon us may not find its ultimate solution until the statesmen catch up with the scientists, and politics, too, becomes the art of the impossible. This, I believe, might be achieved when the statesmen will be more afraid of the atomic bomb than they are afraid of using their imagination, because imagination is the tool which has to be used if the impossible is to be accomplished.

I hope this committee will have the effect of bringing the challenge to us in this House of Commons and making us consider the impossible, not only in the field of science, but also in the field of social relations, based upon the scientific implications of atomic energy and the like. Therefore, Mr. Speaker, in appointing this committee I believe the house is taking a proper and logical step. It is taking a step which is essential for the well-being of our country. By informing the members of the House of Commons on the atomic energy problem, we shall enable all hon. members to do something about informing the people of the country about atomic energy and its possibilities.

I know the difficulties that have arisen—the determination on the part of the Soviet union, for example, that there must be no interference with her national sovereignty; that the factories of the Soviet union must be under the control of that country and not subject to any world authority. This is

bedevilling the situation today, perhaps in part because of a lack of confidence among the great nations of the world. Whether for this or for any other reason, I believe Canada should do as it has done; it should join the other democratic countries in demanding that this great power be subject to complete international inspection under United Nations authority. Every facility for inspection should be given without let or hindrance.

Of course this does mean that at least we have moved some distance along the road towards the day of the parliament of man, when national sovereignty as we have known it will have ceased to be a problem to the peoples of the world. Retaining our special national culture and our national attributes, we may yet find a way of overcoming international difficulties.

As I said in the beginning, in the field of science it is impossible to maintain secrecy. As Szilard points out, certain scientists discovered how to split the atom about the same time as he did—Joliot and Kovarski in France; Halban in another country, and the others he named. No doubt by that time the Germans and Russians had also learned that part of the secret.

At the same conference I remember an address of Dr. Henry DeWolf Smyth, who, as many hon. members will recall, wrote the report on the first atomic bomb explosion in New Mexico before the bomb was dropped on Hiroshima. He has something to say which I think we should bear in mind in this young country. It has a particular bearing upon the resolution moved by the hon. member for Saskatoon (Mr. Knight) in the field of education. He said:

> The most important technical resource of a nation is neither raw materials nor equipment, but educated men. Obviously we will need an increasing supply of such men in the post-war period. Under wartime policy the training of such men practically stopped. The policy of the selective service has made students in the sciences almost non-existent. The resumption of training must be encouraged in every possible way. The scientific men from the universities on the wartime projects should be returned as soon as possible to their normal activities of teaching and research. The welfare and safety of this country can be assured only by leaving them free to pass on what they have learned to a new generation of educated and trained men. If we lock our scientists up in secret laboratories, neither they nor the country will develop. The free interchange of ideas, nationally and internationally, is the strength of science, as indeed it is of every other department of men's lives.
>
> Ideas are a common inheritance from thoughtful men in all countries and all civilizations. To speak of continued secrecy in the field of thought and discovery is to deny our moral birthright and the very tradition which has brought us this far from savagery. Secrecy in any field of peacetime is fatal to man's growth and to any hope for a world society.

The tragedy is that, owing to a lack of confidence among the great nations of the world, secrecy has been enjoined in many areas of scientific research. But it seems to me that in our own country, with the development of groups of scientists, young men in our universities trained in science, with a national research council and the Chalk River project, we have a remarkable opportunity to develop more and more able scientists to the end that atomic energy may be brought under human control and utilized for good, not only in our own country but in the world generally.

When we say that atomic energy should be utilized for the good of our country and for the world generally, let us bear in mind the fact that politics must keep up with science so that legislators and scientists may march side by side. Atomic energy is bound to bring in its train industrial revolution. We must guide the political and social revolution to keep pace with it, so that we shall not fall into the kind of disaster experienced after the industrial revolution of years ago; or, indeed, that the world may not fall asunder and mankind perish in the flames of war.

Mr. Solon E. Low (Peace River): Mr. Speaker, I am in that unfortunate position in the speaking list that when an important topic of this description comes before the house, by the time it is my turn to speak there is little left to say. This is particularly true when I am preceded by eloquent speakers who have given great thought and study to the problems before the house. This afternoon therefore I do not intend to take up much time, but there are perhaps a few things that have not yet been said. Those only I wish to stress.

At the outset, Mr. Speaker, let me say that we welcome the setting up of this committee. When it was proposed by the hon. member for Vancouver-Quadra (Mr. Green) some time ago we felt that it was a desirable thing to do. We thought that the government's acceptance of the recommendation showed that they too sensed the great importance of getting before the people of Canada certain information which they should have. In spite of the fact that atomic energy investigation and development in this country have remained almost entirely "top secret" to date, the people of the country ought to know certain things.

The reason is quite plain. Nations are governed by the attitudes of the masses. If we expect our people to behave in a sensible way, sensible attitudes must be cultivated amongst them. The only way in which such sensible attitudes can be cultivated is to get before them as much information as possible. That means that the government cannot continue for any length of time to keep things

locked up in the secret list entirely. That was one of the great reasons why at the time we felt constrained to support the hon. member for Vancouver-Quadra and the official opposition in asking the government to set up this committee.

It is only natural that the atomic energy board, having regard to its very nature, should let out to the people and to the members of this parliament as little information as possible. By the very nature of things, it is an ultra-conservative board. The setting up of this committee is going to go a long way toward helping the people of Canada to get what they should have and therefore toward helping them reach a sensible attitude.

I should like to explain just what I mean by a "sensible attitude". I have heard what has been said by people who have been influenced by the sensational aspects of reports of the development of atomic bombs for destructive purposes for war. There can be no settled state of mind where people are swayed by the emotional and sensational aspects of such reports. It is therefore important that the people be let in on as much of the information as it is possible for them to get.

The hon. member for Rosetown-Biggar (Mr. Coldwell) quite eloquently and well, I thought, brought out the point that, if we are seriously to attempt to prevent the widespread application of atomic energy for destructive purposes for war, we must see to it that the people are in possession of the facts as far as we can possibly get those facts to them. They are in this position. They are the victims of a world-wide campaign, on the part of the enemies of free men, which is designed to get people to do, under the threat of war, what their enemies usually get them to do under the duress of warfare itself. I am satisfied that one of the reasons why Russia and her satellities are not prepared to submit to international control of atomic energy, and particularly the inspection part of it, is that they hope to obtain, under the threat of war, what they would normally be able to obtain under the duress of war if they thought they could lick the world. That seems to be the way they have been carrying on for years.

I feel quite satisfied that they do not want to go to war and they do not want to see atomic energy let loose upon the world, because they know that they would be amongst the victims, the same as other people. If Canadians, the people of the United States and of the other democratic countries can be influenced to do, under the fear of war, things that the enemies of free men want them to do, then those enemies have accomplished their purpose without having to resort to the force of arms. As free men in a free country I think that our duty ought constantly to be to seek out the source of our enemy's power and strength and then, before he starts using or realizing on that strength for his own purposes, to see to it that his powder is wet so it will not go off. One of the best ways of making sure that his powder will not go off is to have a well-informed people with a sensible attitude. I believe that attitude can be settled fairly well if this committee performs its functions as I think it will; and I therefore say, Mr. Speaker, that we are happy that this committee is being set up.

There is one other thing I should like to mention before I sit down and it is this. I hope that the terms of reference in the resolution itself are broad enough so that the members of the committee may investigate production of uranium in this country. When I say "investigate production" I mean this. I am aware of a good many places where uranium ore could be produced in much greater quantities than it is being produced today. Why it is not being produced is something that I think ought to be generally known by this House of Commons; for there is no element known to man today that is so important as uranium. If there are discouragements to the production of uranium, I think we should know it; if there are not sufficient encouragements to the production of uranium ores, then I think the members of the House of Commons ought to know it. If the investigation is conducted on a scale broad enough so that this phase can also be studied, perhaps out of the work of the committee may come certain new and better encouragements to the faster production of uranium ores for our stockpiles—not for war purposes; I am not by any means so greatly concerned about that as I am for peacetime purposes.

I echo the sentiments of my hon. friends who have spoken before me. Let us concentrate as far as is humanly possible upon the peacetime aspects of atomic energy. After all, they are the ones which contribute to the happiness and prosperity of the people and therefore they are the ones which should receive our greatest study. But at the same time let us not overlook the fact that there is every possibility that our enemies have the atomic bomb. Let us therefore be wise in what we say and do with respect to reserves of those things which might help to make us equal in a world where there is no complete friendship amongst nations.

Mr. T. L. Church (Broadview): For a few minutes, Mr. Speaker, I wish to call to the attention of the house the cause and effect of this proposed resolution, if we pass it. I referred to the matter the other day, in

connection with what has been done so far. The resolution of the Minister of Trade and Commerce (Mr. Howe), who has taken a great interest in this work since the fall of Japan, reads as follows:

> That a special committee be appointed to examine into the operations of the atomic energy control board; that the said committee be empowered to sit during the sittings of the house and to print such papers and evidence from day to day as may be ordered by the committee; and to report from time to time . . .

So far so good; but if you look a little closer at the work of the committee to be appointed you will see that all they will be doing is collection of some information about this very grave question that confronts the world today. It is either extinction of the human race or something else in the way of peaceful use of this great power. We have to look at the cause and effect of the resolution. Canada has spent considerable sums of money on a plant in the Ottawa valley. Canada, along with United States, has made a study of its effects in peace or war, which is the right thing to do I suppose. I called attention to this matter after the fall of Japan:

> The main point to remember about the atomic bomb is that its use may depend on the gradual restoration of a more civilized world. Humanity may have to face the question—which is the least unendurable, a vast physical destruction or the surrender of the whole of mankind to a diabolical tyranny such as the world has never seen?

That is correct. It is quite true that the atomic weapon cannot be separated from the great problems of peace and war. You cannot separate them by appointing a committee with very limited power. We are a nation of only eleven million people. We have not the capacity or the method and manner of handling this problem. It is quite true, as I say, that this atomic weapon cannot be separated from the whole question of war and peace.

> The atomic bomb—as it is popularly called—is a more dreadful weapon than any that have so far appeared (there may be worse coming). But it is, after all, just a weapon. Thus we are driven back to considering the causes of war.

The resolution does not go far enough in that connection. They should consider the whole problem if they are to consider it at all.

I am reading now from the Dean of Chichester's address which appeared some time ago in *Everybody's* magazine which is edited by a very great man Mr. Pote in England. He called attention to a very great situation which confronts the mother country. He is also backed up in what he says by a man whom I regard as one of the greatest men of England, the Most Rev. and Right Hon. Cyril F. Garbett, Archbishop of York, who spoke in the cathedral at Victoria, British Columbia, just a week ago yesterday. In that address as reported in *The Canadian Churchman* of the Church of England, he called attention to what was going on in the world. The report of his address reads in part:

> "Our age does indeed need good news. We live in an age of crisis; millions of people are sorrowful, anxious and worried. People are more worried perhaps than at any other time in history.
>
> Over mankind hangs the danger of the atomic bomb with all its awful possibilities. There is the deepening shadow of atheistic communism blotting out both faith and freedom.
>
> The Christian faith has good news today—it has news of God.
>
> Christianity teaches that God is the living Lord, infinite in His love for humanity. God is not an impersonal power.
>
> Sometimes people ask, is man of any value? The Christian faith replies, "Every man and child has value in the sight of God and God cares for them."
>
> He told the congregation this life was a school preparing people for a great life after death. "God was ready to help and individuals and nations have failed because they did not ask for that help."

I might call the attention of the house to the fact that Canada has made a study of this problem since the fall of Japan. The other day the western powers announced that Russia has produced an atomic bomb. She knows all about it. She has also got more deadly weapons than that at the present time. I am not one of those who believe what the Prime Minister (Mr. St. Laurent) said the other day about the whole question, that we would have no war at least for five years. I notice he is not in his seat today. Therefore I have to be careful and not misquote what he said. I understood him to say that war is not probable for about five years. I noticed something in the press and in *Hansard* about it. He said there would not be another war for that period of time. I referred to it the other day and at the session last spring, and he did not correct me. I believe he was too optimistic in his statement. I believe he was, for many reasons. May I ask this question. If we appoint this committee to secure this information firsthand is Canada secure or is she not? I say she is not secure on the sea, on the land or in the air, and we are now faced with a deadly weapon which may destroy the whole human race. With the limited power given to this committee I doubt whether we can accomplish anything.

I hold in my hand a picture of the United States atomic energy plant. It is a peaceful looking village away down in Oak Ridge, Tennessee. That manufacturing plant is the birthplace of the atomic bomb. Russia knows everything that is going on down in Oak Ridge, Tennessee. She knows more than we in Canada do about it. We are supposed to get our information from the UNO. If we are depending on the UNO we are leaning on

a weak reed. We have had some of it before. We have had two wars in one generation. It may be three strikes and we are out this time. When the western powers announced that Russia had the atomic bomb, Russia prepared a new peace offensive, if you please. That is what they have always done. Germany did the same thing, and we had two wars in a single generation. Russia is now doing it. They have adopted a peace offensive at the UNO, and the writers have been giving effect to it. The time has come when we should be wide awake on this question. This whole matter started on August 6, 1945, by an event which, as is stated by the Dean of Chichester—

—shocked the world. The bomb that dropped on Hiroshima revealed that man had in his power a means of destruction so vast and so sudden that it could conceivably wipe out, without a word of warning, the whole industrial capacity of a nation. Since then, still vaster weapons of destruction are in the making.

This is by the same people. He continues:

Blotting out the civilization of continents closely packed with human beings, like Europe or North America—

And, in Canada, Montreal, Toronto and other large centres.

—seems to have come within the range of possibility. Small wonder was it that in most countries, immediately after the war—

Continues the Dean of Chichester—

—there arose a demand that humanity must instantly discover either a means for controlling the monster it had created, or else eliminate altogether such fiendish devices. Indeed, there were not a few who said that since war had become so manifest an absurdity the only thing that sensible and reasonable people all over the world could do, was to abandon war altogether.

No doubt it would, if the majority of people in the world were sufficiently reasonable and sensible—and, what is supremely important, prepared to act together with insight and vigour.

It is quite true that the atomic weapon cannot be separated from the whole problem of war and peace.

Then he goes on to ask: Why do wars happen? He asks this question: What is it that causes these wars? I say one of the causes is pacifism. Only the other day Mr. Churchill said in the British House of Commons, in a debate on foreign affairs, that Britain never consented to Russia's being asked to come into the Pacific—and Mr. Churchill said the same thing three or four years ago. Russia had nothing to do with the Pacific before they were invited. And they were invited by whom? They were invited by the United States a week before Japan fell. The late President Roosevelt and General Eisenhower invited Russia to come into the Pacific.

What did Russia do? Immediately, in less than three days, they landed 500,000 troops in Manchuria. They must have gone up by way of Alaska to cross. What further did they do? They caused this whole situation—communism, and all that kind of thing—in Asia. They have China by the throat now—with the British fleet away up the river, something which never happened before in four centuries.

They were invited to come into the Pacific and have caused all kinds of damage. The Dean of Chichester refers to the condition in Asia, and to the fact that Russia now has most of Europe in its grasp, and it may be that Asia is in the same position. He points out that humanity has but one choice, and then continues:

Fortunately the west can confront Russia with overwhelming strength in industry, munitions and manpower, and has established a lead in atomic research which will be immensely difficult for the Kremlin to overtake. It is our duty to do all in our power to preserve that lead.

Yet, assuming that a balance of power in our favour is maintained, the question remains, "Is this sufficient to enable the world to settle down? Is it conceivable that there can really be a secure and contented world while Russia holds half Europe in thrall? Can genuine peace be established while Europe is half slave and half free? Again, is not more than Europe involved? If Asia, besides China and including India, Burma and the East Indies, come under the Russian grip can there be world recovery?" These are questions for the second stage of the conflict in which we are all at present engaged. When retreat is forced on Russia somewhere, the scene may brighten everywhere.

So I say it is a duty to encourage peace-loving countries. And do not forget this one fact, as the Dean of Chichester points out:

It is not armaments that make wars, but the people who have control of the armaments. Wars are not caused by things but by the mind of man. The United States, Great Britain, France, Holland, Belgium, and Norway had greatly reduced their armaments after the first world war. Denmark had practically abolished armaments altogether. This did not save any of these countries. There was another country, populous and powerful, that was bending all its energies to the preparation of war,—

And he was referring to Germany—

—which was greatly encouraged in its preparations by the weakness of the peace-loving countries and their obvious unwillingness and unreadiness for war.

Britain abandoned the finest army, navy, and air force the world had ever seen, after the first war. The result was that when another war came she had nothing. Then, he continues:

The truth is that wars in modern times are caused by the emergence of a group of determined men who are able to rouse and mobilize within their nation a passionate desire to expand and dominate. They aim at indoctrinating their people with a conviction of superiority, an imposing idea that they are destined to rule the world, because of their great strength and particularly because they alone possess the true political philosophy for which the whole of mankind is waiting. The kindling idea, universal in its scope, and simple in

its expression, plus the sense of destiny, are essential to the war-machine. Men and women need a great cause, or what appears to be a great cause, if they are to be keyed up to endure the vast sacrifices that war, and preparation for war, demands.

The idea may be—in fact generally is— an illusion, masking the inner essence, which is the love of power and more power. That is the real driving force of those who have managed to get control of the national mind and the national resources. But without the idea—the world view—that control can never be obtained. Of course, ruthlessness is also essential. The idea kindles the idealist, the concentration camps and the purges keep the less convinced and the feebler folk tied to the chariot wheels of aggrandizing power.

It was thus that Napoleon spread the rule of fire and the sword across Europe, with the slogan of "Liberty, Equality, Fraternity." It was with the glorification of kultur that Imperial Germany set out to conquer the world. "National Socialism," combining national destiny with what sounded like a broad philosophy of human equality, welded the German people into a devastating military machine under the fanatical leadership of Hitler.

I have almost concluded what I wished to say in this connection. Let me ask this question: Are we secure, or are we insecure? I say we are not secure, and for the reasons I have given. We can do little or nothing to prevent an unfortunate situation from developing, as that great man Churchill, who is the voice of England, has said.

Dr. Garbett preached in the constituency of my hon. friend from Nanaimo (Mr. Pearkes) the other day, and called the attention of the Canadian people and of the empire, of America and of Great Britain to what is going to happen if atomic warfare succeeds. Are we secure on land, on sea and in the air? I say we are not. We are doing just what we did after the first war. At that time we liquidated the finest army, navy and air force we had ever seen—and now, after this war, we make the same mistake.

What about coming wars? For no doubt a war will come. It may come like a thief in the night, the way the first and second world wars came. I can remember being laughed at in this House of Commons when I quoted from the thirty-seventh chapter of Jeremiah. I referred to that chapter on September 10, 1945—and they did not laugh then. What I said was:

Where are now your prophets which prophesied unto you, saying, The king of Babylon shall not come against you, nor against this land?

When the war came, some of the pacifists in this house said: "What is the use of our sending across an army every few years when we can get all the defence we require from Washington?" There may have been some reason to say that at the time, but I can tell you that, unless we get rid of our present way of thinking, the third war will come before we know it. It will come as the other two came, like a thief in the night. Canada will be found unprepared on land and sea, and in the air, as far as the necessary atomic energy for defence purposes is concerned.

Mr. Alistair Stewart (Winnipeg North): Mr. Speaker, I must admit that I was rather disturbed when I read this motion, which was to the effect that a special committee was to be appointed to examine into the operations of the atomic energy control board.

It seemed to me that the motion was rather restricted. I wanted to know how this examination was to be related and how it was going to tie in for instance with industry, with external affairs and with national defence. One could scarcely consider the operations of this board in a vacuum; they have to be related to other branches of government. In his speech when introducing the motion the right hon. gentleman cleared up some of these doubts when he told us that the committee would get the fullest co-operation from the government as a whole and that any member of the government whom the committee wished to call would be brought before it. However, I feel that if this committee is to do the job which we hope it will do it will have to get information which perhaps has not been published hitherto. I have never been impressed with the necessity for setting up such a committee without its having reference to other branches of the government.

As the minister said, in 1945 the bomb was burst over Hiroshima. We had found the secret of atomic fission, we had split the atom, and once we had done that we had to find ways and means whereby we could unite the world. We failed to do so, and we shall probably fail again in the predictable future. That being so and without falling into that error of which the hon. member for Peace River (Mr. Low) has spoken, of being the victim of a campaign of fear, I say that we are faced now as we were faced then with the simple elementary choice of life or death. The fact is that I am afraid for my family and I am afraid for my neighbours' families. I am afraid for that woman in Japan who some fifty years from now may give birth to some sort of distorted monster when she hoped to give birth to a normal child because her ancestors had been subjected to atomic radiation in Hiroshima. There is great reason for fear in the world today.

There is another reason why I was somewhat disappointed with the minister's statement. He has the habit of taking the most important facts and treating them with insouciance, a habit which I find to be on occasion delightful; but I do not think today was the time for him to play the part of

Pollyanna. I think it would have been more appropriate if he had taken the role of Cassandra.

I think I am correct when I say that the danger from the use of atomic energy is greater than it was some years ago. I agree with my leader when he says that we should not concentrate on the atomic bomb. Nevertheless that aspect of atomic energy must get more consideration today rather than its relation to medicine or industry, useful as they may be. Consideration must be given to the military aspects of this matter whether we like it or not.

No sane person treated the explosion of the first bomb with enthusiam. There was nothing but the utmost gravity. Indeed, Dr. Urey, on behalf of some of his fellow-scientists, approached the President of the United States a month before the bomb was exploded and suggested that further atomic development be postponed. I do not know the reason for that request, but I think perhaps it was that he felt the world was morally incapable of handling such a source for good or for evil. But for reasons that we do not know the high command decided to go ahead and use the bomb.

One or two months later, as was pointed out by the hon. member for Vancouver-Quadra (Mr. Green), there was a meeting of the Prime Minister of Canada, the Prime Minister of the United Kingdom and the President of the United States. They issued a declaration on atomic energy, and I should like to quote one portion of that as follows:

> Faced with the terrible realities of the application of science to destruction, every nation will realize more urgently than before the overwhelming need to maintain the rule of law among nations and to banish the scourge of war from the earth.

Those hopes have not been realized. There is no rule of law among the nations. The scourge of war is still an ever-present fear among the people. The fact is that in the world today national security is an obsolete idea. We have to recast our minds accordingly. What then is going to be the role of the committee? Will the committee approach this problem of atomic energy in the light of the policy which we have pursued in external affairs?

Theoretically there are several avenues which may be open to us, but there is only one which I think is practical. It was hoped in 1945 that we could have one world, but owing to the intransigence of Russia that hope largely disappeared. Russia alone cannot be blamed for its disappearance. One world was possible if we followed logic and reason. But human instincts are stronger and they have made it impossible to have one world.

Humanity has exercised its inalienable right, the right to be stupid. We have exercised that right to the uttermost. If we continue to exercise that right we are going to have to pay a penalty greater than the most pessimistic of us ever believed would be imposed. Had it been possible to have some degree of international control, the atomic bomb and whatever secrets there are associated with it would have been in the hands of a central authority under the aegis of the United Nations. But if that control was to be successful, supervision would have to be exercised over the activities of other nations, and that supervision is not possible, again in large measure due to Russia.

In any event I am not sure that I am in complete agreement with the theory of an international police force because such a force might lull the innocent into a sense of false security. Then we have had the concept of a balance of power. This has been present in the world since the days of Athens and Sparta. It prevailed up until the days of the last war, but it has never worked. The results of such a policy, war, have been inevitable. What policy then are we going to pursue?

I think there is only one we can follow, and it is certainly not based on the concept of one world or the maintenance of international law and order. We must accept the situation as it is and be determined to try to maintain our security; we must accept the fact that there are two worlds, those who are with us and those who are not.

Our security will depend upon our having such a preponderance of force that any potential aggressor will think twice, indeed three times, before he does anything. We can only keep that preponderance of force, we can only exercise authority in the world when we retain the confidence of the smaller nations, when they are clear in their minds that atomic energy will not be used as an instrument for the furtherance of national policies.

Atomic energy has to be considered in the light of these matters. Already we have created a nucleus in those nations which are signatories of the North Atlantic treaty. I think the time has come when we must definitely make up our minds that national sovereignty is one of the great evils in this world and that, while the time is not ripe to surrender it fully, nevertheless for our own defence we should approach these nations which are already allied to us and say that we are willing to surrender that part of our national sovereignty dealing with national defence, asking them to do the same for the good for all. Perhaps the greatest question mark in that regard would be the United States. Mark you, I am asking for only a limited surrender of national sovereignty. I

would be willing to go further, but I do not think that would be practical at the present time, so I suggest only that we surrender that part of our sovereignty dealing with defence.

In the Soviet union there is what we call the iron curtain, which we rightly condemn. There we have a situation in which scientists, physicians, authors and artists are compelled to hew to the Marxist-Leninist line, or they are on the outside. That may give us certain advantages, because if science is to produce any results at all it has to be free and unfettered, and obviously that is not the case in the Soviet union. There may be one exception to that however. I suspect that those scientists working on atomic energy have been completely and utterly free from any party-line doctrine.

In the United States, however, we have the situation to which the leader of my group referred. There they do not have an iron curtain, it is true, but they are conducting a witch-hunt, creating an embryonic curtain of fear behind which men prominent in science will no longer contribute their science and skill for the benefit of the nation as a whole. Instead they are going into other fields of endeavour, and as a result the nation is the loser. There we have the situation where an accuser may say, "I do not like your views; therefore you are a communist," and that word having been attached to an individual, his future becomes rather uncomfortable. There is a situation which, thank heaven, does not exist in our country. I believe we have been remarkably free from that type of hysteria, and I think it is something of which the people of the United States will rid themselves in good time.

How will this committee consider atomic energy and its implications in regard to our defence? For instance, what kind of army, navy and air force do we need in the light of atomic discoveries? What sort of army, air force and navy do we have as the situation exists today? Is it possible for this committee to work adequately without considering this other branch of government? What should be the place of private enterprise in this new technology? What is the status of research in industry? How is it being helped by the government, as it may have to be since that type of research can be so expensive? More important, what reservoir of trained scientists do we have or are we producing in Canada? What is being done to aid pure research, which is so vitally important, in our universities and laboratories? What endowments have been granted by the national government to ensure that research work goes on through the years? What is being done in connection with medicine? Above all we have to consider in terms of immediacy this whole problem of atomic energy and the evil uses to which it may be put. I sincerely hope this will not be a partisan committee; and there is no necessity for that. In the past, quite rightly, the government has invited members of the opposition to accompany the Canadian delegation to the United Nations, as observers. The government still takes the final responsibility for policy; nevertheless I think those delegations may have received some benefit from the advice tendered by the members of other parties. That was a good idea. That practice has been halted for the time being, but I hope it will be renewed later on. I believe the same should be true in connection with national defence. If we are to have a committee that will be adequate, any question concerning national defence should be outside the purview of party politics. That is a matter which affects every person in this country, and I believe that ultimately this committee will have to be broadened to deal with the whole question of national defence and perhaps also our external policy. That, of course, will make it a vastly different committee from that now envisaged, and obviously a most important one.

We are living, I think, on borrowed time. I may appear to be unduly pessimistic; but when a man of the stature of Harold Urey can reiterate after four years that he is even more afraid, I see no reason why I cannot admit my fears, too, without being accused of pessimism. The threat is there; and if we are to meet it we may have to travel new, uncharted roads. We may have to be a little more original than we have shown ourselves in the past, because always we have been content that other nations should lead and we should follow behind. Our future is at stake; the welfare of Canada is at stake; and I see no reason why we cannot give that sort of leadership, in dealing with these matters of national sovereignty, which I have already suggested. Otherwise I am convinced that we can say with Macbeth:

> And all our yesterdays have lighted fools
> The way to dusty death.

Motion (Mr. Howe) agreed to.

CANADIAN NATIONAL RAILWAYS

PROVISION TO MEET CERTAIN EXPENDITURES AND GUARANTEE OF SECURITIES AND INDEBTEDNESS

Hon. Alphonse Fournier (for the Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to bring in a measure to authorize the Canadian National Railway company to issue securities not exceeding $19,766,890 in principal amount to provide the moneys necessary

to meet capital expenditures made or capital indebtedness incurred during the calendar year 1949; to authorize the governor in council to guarantee the principal and interest of securities issued by the company for the purpose aforesaid; to authorize the making of temporary loans to the said company secured by such securities and not exceeding $19,766,890 in principal amount to enable the said company to meet such expenditures and indebtedness; with authority to give financial aid and assistance to other companies of the said national system and to authorize the Minister of Finance to place at the disposal of the national company or the Trans-Canada Air Lines, such amounts as may be necessary to enable them to pay operating and income charges if at any time before the first day of April, 1950, the available revenues of the national railway system or the Trans-Canada Air Lines and subsidiaries, respectively, are not sufficient to pay such charges: Provided that all such amounts shall be reimbursed to the minister from the recipients' annual revenues in so far as such revenues are sufficient, any insufficiency to be provided for by subsequent deficit appropriation by parliament.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Motion agreed to.

GOLD MINING

AMENDMENT OF ACT RESPECTING EMERGENCY PAYMENTS TO OPERATORS—PRODUCTION OF GOLD IN CONCENTRATES

Hon. Alphonse Fournier (for the Minister of Mines and Resources) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a bill to amend the Emergency Gold Mining Assistance Act in respect to the manner of calculating the amount of assistance that may be paid operators of gold mines, as prescribed by the act; also to empower the governor in council to prescribe by regulation, in the case of a mine producing gold in concentrates during one period and not producing bullion from such concentrates until a later period, the time when the gold shall be deemed to have been produced and the manner in which the cost of production thereof shall apply.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Motion agreed to.

TEMISCOUATA RAILWAY

PROVISION FOR PURCHASE BY GOVERNMENT OF CANADA

Hon. Alphonse Fournier (for the Minister of Transport) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to bring in a measure to provide for the purchase by the government of Canada of the Temiscouata railway and that the Minister of Finance may, out of unappropriated moneys in the consolidated revenue fund of Canada, pay any amounts, not exceeding in the aggregate four hundred and eighty thousand dollars, that are payable under the terms of an agreement dated the 14th day of October, 1949, between His Majesty the King in the right of Canada and the Temiscouata Railway Company at such times and in such manner as are set out in the agreement.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Motion agreed to.

PACIFIC GREAT EASTERN RAILWAY

PROVISION FOR SUBSIDY TO BRITISH COLUMBIA FOR CONSTRUCTION OF LINE FROM QUESNEL TO PRINCE GEORGE

Hon. Alphonse Fournier (for the Minister of Transport) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to bring in a measure to authorize the governor in council to grant to the province of British Columbia a subsidy of fifteen thousand dollars per mile, but not exceeding eighty-two and seven-tenths miles, towards the construction of a line of railway from Quesnel to Prince George in the province of British Columbia.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Motion agreed to.

SUPPLY

Hon. Alphonse Fournier (Minister of Public Works) moved that the house go into committee of supply.

He said: Mr. Speaker, on Friday I announced that at some stage today we would move to go into supply to call one item, that of the Department of External Affairs. As all hon. members are aware, the Secretary of State for External Affairs (Mr. Pearson) is spending most of his time at the United Nations meetings. Arrangements are being made for him to be here one day in order that we may have a general discussion on the first item of his estimates. Perhaps we shall be successful in having this Friday set aside for that purpose.

Mr. Green: Next Friday?

Mr. Fournier (Hull): Friday next; although it is not definite, we hope to succeed in our attempt.

INCOME TAX—DEDUCTION OF UNION DUES

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I appreciate the desire expressed by the Minister of Public Works to go into supply at least some time today

so that one item of the Department of External Affairs can be called. Before Your Honour leaves the chair, however, there is a grievance concerning which I should like to speak, in the hope that I can bring the matter to the attention of the government with sufficient force that the Minister of Finance (Mr. Abbott) will do something about it.

Early in this session I directed a question to the government concerning the matter of trades union dues, with particular reference to the question of their deductibility for income tax purposes. The reason for my question was that this matter was the subject of a decision by Mr. Justice Angers of the exchequer court on June 8 of this year, following which certain announcements were made by the officials of the income tax department which I felt were discriminatory against trade unionists. On September 27, my question to the government was answered by two ministers, the Minister of Finance and the Minister of National Revenue (Mr. McCann). I indicated at the time that the orders of the day did not permit the remarks or further questions that I might like to make in reply to their answers, and I said I would raise the matter at a later date. It is for that reason I am rising now.

As hon. members are aware, there was a period of time, particularly during the years 1945, 1946, 1947, when lawyers, doctors and teachers were permitted to deduct their professional fees from their income before computing their income tax. This right was accorded to those people under the provisions of section 6 (1) (a) of the Income War Tax Act. That section reads as follows:

> 6. (1) In computing the amount of the profits or gains to be assessed, a deduction shall not be allowed in respect of (a) disbursements or expenses not wholly, exclusively and necessarily laid out or expended for the purpose of earning the income;

The section is put in the form of a double negative, but turning it into the positive it means that if anyone can show that certain expenses were wholly, exclusively and necessarily laid out or expended for the purpose of earning the income, they can be deducted. Since it was possible for doctors, lawyers, and teachers to claim that their professional fees were necessarily laid out in order to pursue their profession, they were allowed to deduct those fees.

During those same years trade unionists felt that the same right should be accorded to taxpayers who pay trade union dues. This position was taken particularly by trade unionists in closed shops or in what has, in the meantime, come to be known as the Rand formula type of shop. Despite the fact that trade unionists contended that their case was comparable with the case of doctors, lawyers and teachers, the income tax department refused to allow the claim of trade unionists in those years. One particular trade unionist, Mr. Cooper by name, of the city of Winnipeg, a moving picture projectionist, made his claim upon the income tax department for the deductibility of his trade union dues for the taxation year 1945. Having been turned down, he went through the procedures prescribed in the act.

When after Mr. Cooper had done his best but the income tax department stood firm and refused to grant him the right to deduct the fees he had paid in 1945, he took the case to the Exchequer Court of Canada. The documents in the case were actually given to the exchequer court by the income tax department on February 3, 1948, and on April 23, 1948, Mr. Cooper filed his statement of claim. The case was heard on September 7, 1948, and judgment was rendered on June 8, 1949. When that judgment was given by Mr. Justice Angers, it was in favour of Mr. Cooper. He was given the right to make the deduction that he had sought, and was also awarded the costs of the action in full.

The result of that decision by the exchequer court establishes clearly that during the years 1945, 1946 and 1947 trade unionists had, legally, the right to deduct their fees for income tax purposes. But, although the decision of the court established, retroactively, that trade unionists really had that right back in 1945, 1946 and 1947, they were in fact denied the exercise of that right during those years because the income tax department interpreted the Income War Tax Act the other way.

Mr. Graydon: They had it; then the government took it away from them.

Mr. Knowles: That is precisely what happened.

Mr. Graydon: Why did they do that?

Mr. MacInnis: You had better ask the government.

Mr. Knowles: That is for the government to answer. The act made it clear that people who laid out moneys wholly and necessarily for the purpose of earning an income could deduct those expenses from their taxable income before computing their income tax. The income tax department ruled that in the case of doctors, lawyers and teachers, that provision included the right to deduct their professional fees.

Mr. Abbott: Not if they were on salary.

Mr. Knowles: I beg the minister's pardon.

Mr. Abbott: No.

Mr. Knowles: In 1945, 1946 and 1947 they were permitted to do so. If necessary, I can quote some of the minister's words back at him. The minister knows that the matter was brought to a head by the Bond and Rutherford cases where lawyers contended that they had the right to make that deduction even if they were on salaries.

Mr. Abbott: And that was upheld by the court.

Mr. Knowles: And that was upheld by the court. So that is the way the matter stood during the years 1945, 1946 and 1947.

Mr. Abbott: I am sure I am right when I say that the income tax department interpreted the law as not permitting the deduction of professional dues such as lawyers' fees to the bar society or union dues by men who were on salary. In the Bond and Rutherford cases the courts held that the legislation was broad enough to permit such a deduction. The law has been amended to bring into effect what was for years considered to be the law and what has been the law in England for years.

Mr. Graydon: It is very technical, is it not?

Mr. Abbott: It is very technical, but the law is that such deduction should not be allowed. Salary and wages have always been net income.

Mr. Graydon: I do not think the government is right—

Mr. Knowles: If I may, Mr. Speaker, I should like to have the floor.

Mr. Abbott: I just wanted to correct a statement of fact.

Mr. Knowles: I am still not satisfied with the statement the minister made because, as a matter of fact, in an answer he gave to me on September 27 this year, he referred to the fact that the decision of the exchequer court in the Bond and Rutherford cases was one of the reasons why, in 1948, the government amended the act to bring it in line with what they had wanted all along.

Mr. Abbott: With what it had been doing all along.

Mr. Knowles: I can tell him that during those years lawyers were applying for this exemption—although some of them did not know about it until I raised the matter here in the house—and were getting it; and teachers were also applying for it and getting it. Teachers were getting their federation fees allowed as a deduction before and during the year 1947, and there are teachers in this house who can testify to that fact. I also have on my desk a bulletin of the Saskatchewan teachers' federation for the year 1948 or 1949, I forget which it was, reminding teachers that they still had that right; but the teachers' federation later on was informed that that decision had been changed.

What I am saying is that for the years 1945, 1946 and 1947 certain people did get an allowance for their professional fees, and those people included at least some of the members of the groups that I have named. During that period of time the desire of trade unionists to have the same right accorded to them was expressed in a number of ways, notably by the claim of Mr. Cooper made first on the income tax department and then by way of appeal to the Exchequer Court of Canada. It is a strange coincidence that Mr. Cooper filed his statement of claim on April 23, 1948, and on May 18, 1948, a resolution was introduced in this house to change the Income War Tax Act for the year 1948 with respect to that matter, so as to bring into effect the principle that the minister enunciated a moment ago, by way of an interruption.

I recognize the difference between the principle as it obtained in the wording of the act up until the end of 1947 and the principle that the government has had written into the act since then. Whatever the intention of the government may have been in the wording of the act up to the end of 1947, the principle was fairly clear, namely, that expenses necessarily involved in the earning of income were deductible. The principle that has been written into the act effective as from January 1, 1948, is that expenses are deductible only if they are expenses incurred by people whose income is gross, from which other deductions are made. The corollary of that new principle is that if your income is in the form of salary or wages it is regarded as net and no deductions of this kind are now being allowed.

It is true that the minister achieved that purpose by the amending bill that was put through this house in 1948. That bill has in it a section, 3 (1), which amended section 6 of the old act by adding a new subsection, which reads as follows:

> (6) In computing the income from an office or employment, no amount is deductible for a disbursement or expense laid out for the purpose of earning the income; Provided that, where a taxpayer is an employee of a person whose principal business is the transportation of goods, passengers, or goods and passengers, and the duties of the employment require him regularly,
>
> (a) To travel, away from the municipality where the employer's establishment to which he reports for work is located and away from the metropolitan area, if there is one, where it is located, on vehicles used by the employer to transport the goods or passengers, and

(b) While so away from such municipality and metropolitan area, to make disbursements for meals or lodging,

amounts so disbursed by him in the taxation year to the extent that he has not been reimbursed and is not entitled to be reimbursed in respect thereof may be deducted in computing his income from the employment.

The effect of that section was to provide certain exceptions to the newly-written-in principle, but at the same time it did establish the principle that salaries and wages were in most cases to be regarded as net. That principle has been carried forward into the new Income Tax Act which has been in effect since January 1 this year, and the section laying down that principle is now 12 (1) (a) which reads:

12. (1) In computing income, no deduction shall be made in respect of

(a) an outlay or expense except to the extent that it was made or incurred by the taxpayer for the purpose of gaining or producing income from property or a business of the taxpayer.

I point out that under the old Income War Tax Act the old section 6 (1) (a) talked about income, and expenses involved in earning an income; and it was under that particular definition of income that Mr. Justice Angers felt that trade unionists ought to be treated in the same way as doctors, lawyers and teachers. But in the new act, section 12 (1) (a) talks not about income in the broad sense but about gaining or producing income from property or a business of the taxpayer. It seems that under that section and under certain other prohibitions, the situation has now been made clear in the act; or at least it is clear that the government wanted it that way and feels that it now has a wording that says you may not get this deduction unless you are a lawyer working for fees or a doctor working for fees, in which case if you have a gross income from which other items are deducted as expenses, then you can deduct your professional dues. In other words, a line is now drawn through the doctors and through the lawyers. Some of them are permitted to deduct their fees to the medical society or the law society and others are not. There may be the odd case of the trade unionist who is the owner of a plant at which other trade unionists work, in which case he might be permitted to deduct his trade union fees whereas his brother trade unionists who work for him would not have that right. What I am trying to suggest in this is that the line is unfairly drawn when you try to draw it between gross income from fees and net income from wages or salaries. Surely, the lawyer who is employed by a firm has to pay out the cost of his law society fees just as much as the lawyer who is working on individual cases. Surely the same thing holds for doctors. The doctor who is employed in a hospital or by a firm and is on salary has to pay his fees to the medical society in order to carry on that work. Surely he should have the right to a deduction just as much as the doctor who works for gross fees from patients. Similarly, it seems to me, the fair thing to do would be to admit that in the case of teachers who are members of a teachers' federation and have to be—in some provinces there is a law which requires them to be members of the federation—the fees that they pay to that federation should be accepted as an expense in connection with that business.

Mr. Graydon: Don't forget the farmers.

Mr. Knowles: Yes, if they are required to belong to an association of a similar nature they should be in the same class. The point is that the same principle should be applied with equal fairness to all.

Mr. Abbott: There are not many farmers on salary.

Mr. Knowles: My point is that in principle the trade unionists have a very strong case.

The minister may say that I am jumping to conclusions, or that I am drawing an unwarranted inference, but it does seem strange to trade unionists that just at the time that their claim was being pressed, even taken by Mr. Cooper to the Exchequer Court of Canada, the law was changed. Prior to that time it was possible for others to have it. Attention was drawn to this fact by previous exchequer court decisions, as in the cases of Bond and Rutherford. Then on April 23, 1948, a statement of claim was filed in the Exchequer Court of Canada by Mr. Cooper, and lo, within a month, on May 18, the minister introduced in this house a resolution to take away that particular right to deduct these professional fees from doctors and lawyers on salary, and from teachers in almost all cases—a right which trade unionists were in the meantime trying to get for themselves as well.

I feel that the time has come for the government to reconsider this whole position and introduce the necessary legislation to give that right to all of these people who have to pay out a fee of the various kinds that I have named in order to carry on their profession or their work, and that that fee should be allowed as an income tax deduction. The amount of money involved is not great. The Cooper case to which I referred involved a tax amount of $35 when it was all through. Mr. Cooper spent a great deal more than that as costs of the case, but the government was ordered to reimburse him to that extent. In most cases the amount of

money involved is not great. It is one of those little things where a principle is at stake.

I can tell the minister that there is support for this proposal not only among trade unionists. There was an exchange here a moment ago with reference to farmers. May I tell the minister and the hon. member for Peel (Mr. Graydon) that I have before me a couple of editorials from the *Western Producer,* a farm paper, in which they came to the support of the position of trade unionists as well on the basis of simple ordinary justice.

Earlier this afternoon the minister and I had some disagreement but we reached a certain amount of agreement in that we both know that the principle which the government now seeks to pursue is that if your income is gross in the form of fees out of which you have to pay rent and other expenses then you can include as one of your deductible expenses your professional fees; but if your income is a salary or wage, then it is net, and you are not permitted to deduct either your dues to the law society, or dues to the medical society or to the teachers' federation or to a trade union.

I point out to the minister that that supposedly ironclad principle that salary and wages are net is upset immediately. The very clause I was quoting a moment ago which laid down this principle includes in it two of the exceptions. One of the exceptions is the case of people who are engaged as employees of transportation companies and have to be away from home. Their board and lodging away from home, if it is paid out of their net salary, can be deducted for income tax purposes. I agree, in fact I fought for that right. Another exception is that of a salesman whose business it is to sell negotiable contracts. Another exemption is that of a clergyman maintaining a manse or residence in which he has to hire a housekeeper. Another exception, if I dare mention it, has to do with ourselves. A certain portion of the net income that we receive for being members of parliament is treated as covering expenses which we have to incur in connection with our spending so much time at Ottawa, in order to earn the rest of it; therefore it is not taxable. The same applies to the provincial legislatures.

Mr. Abbott: For some others. It does not apply to members of the government.

Mr. Knowles: I do not see the minister offering to trade positions with any of the other members of his party because of that difference.

Mr. Abbott: The hon. member might be surprised.

Mr. Knowles: The same situation applies in the provinces if the legislatures wish to make it that way. In other words, the point I am making is that the government lays down this principle which is supposedly ironclad, which provides that salaries and wages are net, and that there can be no deductions from them of that kind, and then we immediately make these various exceptions in the act, with most of which I thoroughly agree. Since we have gone so far as to admit that there are these many cases where an expense is necessarily laid out for the purpose of earning a taxpayer's income, I contend that we should do the same thing for trade unionists, along with doctors, lawyers and teachers who were getting it until the trade unionists also tried to get it.

The other day I picked up a little squib in the Ottawa *Journal,* which is dated September 30, commenting on the answer the government gave to my question on an earlier date in these terms:

> Decision of the government that labour union dues are not deductible for income tax purposes is understandable: otherwise it might be accused of granting special privilege to one class of Canadian citizen.

I thought that that was about the high point of misunderstanding of a request being made on the floor of this parliament. No one is asking for special legislation for one group, namely, trade unionists. We are simply asking that they should have the same consideration that other groups of people have had on identically the same principle, namely, that it is an expense necessarily and wholly laid out for the purpose of earning their income.

I think that states the case. I could argue further about the wording of the act as it was before, and as it is now. I am not satisfied that a case could not be made out under the present wording. It would hinge on the question how to define the word "business". Is it not your business when you are employed as a worker? Is not a printer's work his business, just as a lawyer's work is his business? Though one might try to argue that, the government has certainly made it clear that what they have been trying to do is to overtake the law as they previously wrote it, in view of the decisions made by the exchequer court. Mr. Justice Angers of the exchequer court made it clear in his decision that the law provided that doctors, lawyers, teachers and trade unionists should have that right, and step by step that right has been taken away from most of these people, but it has not been taken away from certain others. I know how careful one has to be when mentioning our own position in the House of Commons; but it does seem to me that since the principle has been recognized, and we all agree with it, that a portion of our

income is necessarily laid out in connection with our work and should not be subject to tax, we should fight all the harder for others to have exactly that same right, that same guarantee. And so, Mr. Speaker, to bring this matter to a head—because I feel it is important, and because I believe it is one to which this house should ask the government to give consideration—I wish to move an amendment to the motion now before you, seconded by my colleague, the hon. member for Saskatoon (Mr. Knight), as follows:

That all the words after the word "that" to the end of the question be struck out, and the following be substituted therefor:

"this house is of the opinion that the government should give consideration to the introduction of legislation amending the Income Tax Act so as to make it possible for taxpayers to deduct trade union dues from income before computing the amount of income tax to be paid."

Mr. Speaker: Before the question is put, I wonder if the hon. member for Winnipeg North Centre (Mr. Knowles) who, I know, is always most anxious that not only his motions but any discussions he has in hand should be in order, has read citation 467, Beauchesne, third edition, where, about a third of the way through the paragraph, it states—

When such motion is proposed, it shall be permissible to discuss any public matter within the powers of the federal parliament or to ask for the redress of any grievance, and it is not necessary to move an amendment for that purpose; provided that the discussion and the amendment, if one is moved, shall not relate to any decision of the house during the current session, nor to any item of the estimates—

And this is the pertinent part to which I would direct the hon. member's attention—

—nor to any resolution to be proposed to the committee of ways and means.

Does not this discussion relate to a resolution about to be proposed to the committee of ways and means?

Mr. Abbott: Mr. Speaker, if I may have a word on that, I was going to say—

Mr. Knowles: Is this on the point of order?

Mr. Abbott: Yes, I was going to speak in answer to the hon. member respecting what I might describe as the merits of his presentation, and point out that there is, of course, the fullest opportunity to discuss the question he has raised when we are in committee on the resolutions which I tabled with my motion to go into committee of ways and means and, secondly, when the bill based on the resolutions is introduced for discussion in the house.

This is not a new question. It has been up time and again before the committee. It has been argued before me and before my predecessor, Mr. Ilsley. We have heard arguments both for and against wages and salaries being considered as net income, as against gross income. There is nothing new in it. The only thing that is new is that a judge of the exchequer court held that an interpretation which had been placed on the Income War Tax Act was not a correct one, and that one was entitled to deduct union dues, among other things, from salaries. The law was amended to bring into effect what had always been considered the law.

I was going to suggest however that there are other proceedings before the house on which this could be discussed appropriately. I am sure my hon. friend was entitled to bring forward his grievance respecting a certain section of the community, but I doubt whether his amendment, in the form in which it appears, is in order, for the reasons Mr. Speaker has indicated.

Mr. Knowles: If I might rise to the point of order, beginning at the point where the Minister of Finance left off, I would point out that if it is not in order to move the amendment it would not be in order to make the speech.

Mr. Abbott: Oh yes.

Mr. Knowles: Apparently the Minister of Finance thought I was entitled to make the speech, but not entitled to move the amendment.

Mr. Cote (Verdun-La Salle): He did not say that.

Mr. Knowles: Well, if it is not precisely what he said, it is certainly the spirit of what he said. I would point out that citation 467 does not stand in the way of my amendment because of the part which says that an amendment must not relate to any decision of the house during the current session because, as has been pointed out, the decision—so far as the house is concerned—was made by an amendment to the Income War Tax Act in a previous session.

Then, as to the question Your Honour has asked, may I say that the very point about which I am complaining is that there is no resolution included in the ways and means resolutions presented by the Minister of Finance which deals with the matter I have raised. That is exactly my grievance—namely that despite the requests I made to this effect last year, and despite my questions earlier in this session, and the fact that there has been an exchequer court decision, and despite editorials in newspapers and general interest, it has not been proposed at all.

The citation at which Your Honour is looking with a quizzical eye contains this expression—

Nor to any resolution to be proposed to the committee of ways and means.

As I have already said, that is exactly my grievance—that there is no such resolution to be proposed by the minister, or anything like it.

While I am on my feet, speaking to this point of order, may I direct Your Honour's attention to two rulings recorded in the very book in Your Honour's hand. One of these is found at page 699, a ruling given on May 9, 1916, by Mr. Speaker Sevigny, the headnote of which states—

Any member of the house may bring before it, on the motion to go into supply, any matter which, in his opinion, may be detrimental or advantageous to any section of the population.

The other ruling to which I have referred is a lengthy one of May 10, 1929, by Mr. Speaker Lemieux. It is recorded at page 797 of the same book, and its theme is the same as the one to which I have just referred, namely, that wide latitude is the rule, when it comes to the expression of members' grievances on going into supply. The part of this decision by Mr. Speaker Lemieux to which I direct Your Honour's attention particularly is found in the last paragraph on page 799 where it states—

I have come to the conclusion that the expression of any reasonable grievance on the motion for the Speaker to leave the chair is a sufficient reply to bring a member's speech under the provision of standing order 37. I cannot conceive a case where he could then be irrelevant. It is not necessary that his observations should deal with the subject matter of the resolutions to be considered in committee. The member objects to anything being considered at all until he has had a hearing.

I am contending that Speakers in the past have taken the position that when there was any doubt, the benefit of wide latitude should be given to members raising any reasonable grievance, provided always that they did not contravene any other rule.

I would submit on the point about which Your Honour has asked the question—and I have noted that you did not rule upon it—namely the reference to a resolution going into committee of ways and means dealing with the same subject, that that is precisely the reason for my raising it at this time. I have done so because there is no proposal such as mine in the resolutions put before the House of Commons by the minister at this time.

So far as the motion for Mr. Speaker to leave the chair to go into committee of ways and means is concerned, which involves another debate, namely the debate on the budget, there is already an amendment and a subamendment, and no further amendment or subamendment would be permitted.

Therefore I am left with no way to bring forward an amendment of this kind other than by doing it on a motion to go into supply either today or some other day. I am confident that the amendment which I have moved is fully in order.

Mr. MacInnis: Mr. Speaker, may I say just a word or two in order to emphasize more definitely the point raised by the hon. member for Winnipeg North Centre (Mr. Knowles) when he first spoke, that if the amendment is not in order the discussion is not in order. I should like to quote citation 488 of Beauchesne, second edition, as follows:

When such motion is proposed, it shall be permissible to discuss any public matter within the powers of the federal parliament or to ask for the redress of any grievance, and it is not necessary to move an amendment for that purpose; provided that the discussion and the amendment, if one is moved,—

The discussion and the amendment are on exactly the same footing and, if the amendment is not in order, the discussion is not in order. That is really the only logical conclusion anyone could draw. If a thing is not in order when the amendment is moved, it surely could not have been in order before the amendment was moved. The citation continues:

—shall not relate to any decision of the house during the current session,—

There has been no decision of the house during the current session.

—nor to any item of the estimates,—

I do not think there is an item in the estimates under which this matter can be discussed.

—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.

I do not think any of those points interfere with the present discussion and the amendment.

Mr. Speaker: Does not the hon. member think that the discussion and the amendment relates to a resolution to be proposed to the committee of ways and means? I say now that I agree fully that, if the amendment is out of order, the discussion also is out of order. I do not think there is any doubt of that. I am rather of the opinion that both the discussion and the amendment relate to a resolution to be proposed to the committee of ways and means.

Mr. MacInnis: Will you please state what resolution you refer to, Mr. Speaker? A series of resolutions have been placed before the committee by the Minister of Finance, but there is no resolution dealing with trade union dues.

Mr. Abbott: May I say just a word on that. There are two resolutions to be placed before the committee of ways and means. One is

that the Excise Tax Act be amended in certain particulars and the other is that the Income Tax Act be amended in certain particulars. The income tax resolution sets out a number of ways in which the Income Tax Act is to be amended, but all the amendments do not necessarily have to be preceded by a resolution. It is perfectly true that the resolution having to do with the Income Tax Act does not propose that that act be amended by permitting the deduction of expenses from salaries and wages for income tax purposes, but the particular section which is referred to is being amended in other particulars. There will be the fullest opportunity when the income tax resolution is before the committee to discuss this matter.

Mr. MacInnis: If the hon. member for Winnipeg North Centre is debarred now from moving his amendment because of the resolution referring to the Income Tax Act, will he be in position to move that same amendment when that resolution is before the committee?

Mr. Knight: I should like to speak on this amendment.

Some hon. Members: Order.

Mr. Speaker: I must decide whether or not the amendment is in order. If it is not in order, then any discussion will be out of order.

Mr. Fournier (Hull): The only way in which an hon. member could move to have expenditures increased—the object of this amendment would be a decrease in revenue to the Department of National Revenue—would be by a private member's resolution. There is actually one on the order paper moved by the hon. member for Quebec-Montmorency (Mr. LaCroix) in which he asks that consideration should be given to the advisability of amending the Income Tax Act to permit certain deductions to be made. The amendment moved by the hon. member reads:

> This house is of the opinion that the government should give consideration to the introduction of legislation amending the Income Tax Act so as to make it possible for taxpayers to deduct trade union dues from income before computing the amount of income tax to be paid.

The motion standing on the order paper in the name of the hon. member for Quebec-Montmorency reads:

> That, in the opinion of this house, the government should give early consideration to the advisability of amending the Income Tax Act.

I do not see how a private member, even at this stage, can move to change a budget resolution which is actually before the house except by means of a private member's resolution.

[Mr. Abbott.]

Mr. MacInnis: I should like to move the adjournment of this debate.

Mr. Fournier (Hull): Seeing that I have not succeeded in having the house go into committee of supply, I think at eight o'clock we had better revert to the resolution standing in the name of the Minister of Reconstruction and Supply (Mr. Winters).

Motion (Mr. MacInnis) agreed to and debate adjourned.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

NATIONAL HOUSING ACT

AMENDMENTS PROVIDING FOR JOINT OPERATION OF HOUSING PROJECTS AND LOANS TO HOME OWNERS

Hon. Robert H. Winters (Minister of Reconstruction and Supply) moved that the house go into committee to consider the following resolution:

> That it is expedient to present a measure to amend the National Housing Act, 1944, and in particular to provide that the assembly of land for residential purposes and the construction of housing projects for sale and for rent under arrangements by which the capital costs and the costs of operation of such projects will be shared seventy-five per cent by the federal government and twenty-five per cent by the provincial governments be undertaken jointly with the said governments; and further to authorize the making of loans to prospective home owners in addition to basic joint loans under the act in amounts not exceeding one-sixth of such basic loans; to authorize an increase in the loans that may be guaranteed for home improvement and home extension purposes under the act, and to increase the aggregate amount presently authorized for loans and losses under part I of the act, the funds for the said purposes to be provided out of the consolidated revenue fund.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Fleming: Is the minister not going to make his statement now?

Mr. Winters: I have a short statement I intended to make, but I had rather expected the house might prefer me to make it in committee, so hon. members could ask questions. However, I am in the hands of the house as to when I should make the statement.

Some hon. Members: Carried.

Some hon. Members: No.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Some hon. Members: No.

Mr. Fleming: If the minister is not going to speak—

Mr. Winters: Very well; I shall make my statement now.

The resolution deals with the proposals for dominion-provincial housing arrangements. It also makes provision for a change in the National Housing Act whereby loans will be made to home owners who have constructed or purchased houses at a price which is considered to be fair and reasonable. On September 21 I made a statement on these two matters, and I doubt if there is much I can add which will be helpful to hon. members at this resolution stage. I propose to make a more detailed statement at the time of second reading after hon. members have had the opportunity of reading the bill.

We are establishing a pattern for long-term housing development by making provision for joint participation by the dominion and the provinces, together with such participation by the municipalities as the provinces deem desirable. The legislation which we intend to introduce is of an enabling character. It does not commit the provinces. It will enable this government to enter into arrangements with respect to housing projects with any province which considers that joint participation between the two governments is desirable to develop housing within that province. We have no knowledge of the extent to which provincial governments will participate in arrangements contemplated by the legislation, and it may well be that certain provinces will feel that the type of assistance proposed is neither necessary nor desirable for that province. Conversations have taken place with each province in order to determine a general pattern of arrangement which may be suitable. No commitment was sought from the provinces at the time of the conversations. We believe that the province is the best judge of whether the type of arrangement now proposed is desirable. We have already had indication from some provinces that the contemplated arrangement is a suitable basis for joint co-operation. There is no room for the suggestion that the proposed enabling legislation is binding upon the provinces unless they wish to take advantage of it with respect to specific projects.

I would like to emphasize that although financial participation by the municipalities may not be necessary, nevertheless full co-operation of the municipalities will be sought. Hon. members can be certain that neither the dominion nor the provinces can proceed very far without advice and co-operation of the municipalities. The arrangements provide that if any proposed project is deemed to be reasonable, the dominion will be prepared to proceed with the provinces in land assembly, the building of houses for sale, and the erection of rental housing either on an economic or a subsidized basis. I would point out that the dominion will be dealing with the ten provinces, or as many of them as find the arrangement acceptable, and they in turn will be dealing with the municipalities. It is likely that in the actual development of projects the three levels of government will work closely together. However, the federal government is not prepared to consider proposals from municipalities unless there is clear indication that the provinces concerned find such proposals acceptable.

Dealing now with the proposed amendments to the home ownership provisions of the National Housing Act, the changes we are suggesting would have the effect of making it easier for prospective home owners to acquire homes, because they will result in reducing the down payments to approximately half the present amounts. Because it is desired to avoid a stoppage in the number of new starts, and because anticipation of legislation of this kind has had that effect to some extent in August and in September, Central Mortgage and Housing Corporation, with the approval of the government, is indicating to builders and home owners terms and conditions and amounts of loan which will be available if these amendments are passed. I am sure that hon. members will agree that this technique is a desirable step because it would be unwise to create a condition which would interrupt the usual flow of fall starts. Tentative approvals for N.H.A. loans are being given, and this is one important reason why I am anxious to make rapid progress with the legislation.

The other matter dealt with in the resolution relates to part IV of the National Housing Act dealing with home improvement and home extension loans. Hon. members will remember that the home improvement section of the act has not yet been proclaimed. Even yet suppliers of building materials, particularly those in the plumbing and heating field, are having difficulty in maintaining a flow of new materials sufficient to look after the needs of new construction. The government feels that encouragement of the use of these materials for home improvement should not be given at this time by proclamation of that part of the National Housing Act. However, we do feel that if and when conditions change, the government should be in a position to arrange for the immediate proclamation of the home improvement section of the National Housing Act. The resolution makes provision for higher maximum loan to be available to individuals who wish to improve their homes. That section of the act which was passed in 1944 provides that the maximum loan for the

improvement of a home is $2,000, and for each other unit in the same building an additional loan not in excess of $1,000. Since 1944 there has been an increase in the costs of construction. Therefore, we propose that these limits should be increased to $2,500 and $1,250 respectively. A corresponding increase of 25 per cent is proposed for the appropriation section of Part IV. A similar adjustment is being proposed for the maximum amount of loans under the home extension section of the National Housing Act which has been proclaimed and is in operation.

The bill will contain other changes to the National Housing Act, but the three matters which I have discussed are the major amendments which are proposed.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, I am sure the house will welcome this opportunity afforded by the government resolution to discuss what is still, by long odds, Canada's No. 1 internal problem, the housing crisis. The members listened with interest to the statement which the minister has just made. They will recall that when the minister made a similar statement in the house on September 21 he said he hoped to put the resolution before the house relatively soon. That was on September 21, at the opening of this session, Mr. Speaker, and on October 31 this first opportunity of debating the resolution is given to the members.

This evening the minister said he was anxious to make rapid progress with the legislation. I venture to say, Mr. Speaker, that the house not only shares his anxiety, but probably anticipated any desire on his part, or on the part of the government, to make rapid progress with whatever proposal the government has for solving this still serious national crisis which confronts us. If the minister is looking for rapid progress, I am sure the house will exercise every endeavour to assist to that end, when it is satisfied that this measure promises some assistance in meeting the problem. The house would have been glad to see some earlier evidence of anxiety on the part of the government to make that rapid progress for which the minister now hopes.

Some days ago I asked the Prime Minister when we might expect the introduction of the resolution. I do not recall the exact date, but I think it was about three weeks ago. In his answer, the Prime Minister gave as the reason for the delay in introducing the measure the fact that some correspondence was pending with the provinces. He said the government hoped to receive further answers from the provincial governments. The minister's statement failed to make any reference to correspondence with the provincial governments, and indicated that no commitment is sought from those governments by the federal government. I am going to ask the minister if, in the course of discussing this resolution, he will table the correspondence with the provincial governments, because it seems to me that that correspondence, in view of the reference made to it by the Prime Minister, should be before the house in its approach to the resolution and to the bill that will follow.

In common with the minister, Mr. Speaker, I do not intend to attempt to anticipate the provisions of the bill. I propose to reserve my observations thereon until I have seen the bill.

I think it is fair to say that the minister's statement tonight was a rather cautious statement. It did not seem to promise the new heaven and the new earth that characterized so many of the glowing promises in regard to housing with which the government deluged the country during the last election campaign. It may be that, when the bill appears in the house, it will be an improvement on the brief preview to which the minister has treated us tonight. If it is going to make even a fractional attempt to fulfil those government election promises, it will have to be very much bigger and more far-reaching than the minister's statement indicated.

Hon. members will have their own ideas about the particular promises made by the government in the election campaign which really influenced the result. My own experience in that election campaign satisfied me that people wanted housing and health insurance. The people were greatly concerned about housing conditions. I may say, too, Mr. Speaker, with some confidence, that so far as the housing issue is concerned this government certainly was not re-elected on its past performance. It may have been elected on its promises, but it certainly was not elected on its past performance.

An hon. Member: It was elected on its record.

Mr. Fleming: We of His Majesty's opposition have taken careful note of those glowing and unrestrained promises made by the government during the election campaign. So far as our voices can be effectively heard in this chamber, we intend to hold the government to its promises. We will place the responsibility for curing the housing crisis in this country squarely upon the shoulders of the government because that is where it belongs.

Some hon. Members: Hear, hear.

Mr. Fleming: Yes, we intend to hold them responsible for curing those ills.

Mr. Whitman: Do not worry.

Mr. Fleming: Mr. Speaker, we will have an opportunity of measuring the progress, if any, that this government makes on this problem in the coming months and years.

When we look back on these post-war years from 1945 to 1949 inclusive, we can say that so far as housing is concerned they will go down as the wasted years—

Mr. Whitman: No.

Mr. Fleming: —the years of opportunity that were wasted because the government of the day had neither the courage nor the discernment to tackle this problem and ascertain what was involved in it or to measure up faithfully to the promises it made to the people. Now let us hope, Mr. Speaker, that the wasted years have run their course and that we are now approaching a time when the government is going to appreciate the seriousness of the problem and will attempt to find a solution for this housing crisis. If so, it will be the first time that we shall have seen adequate action to meet the problem.

This problem did not burst upon the country suddenly. The development of it throughout the country was there for anyone to see who gave it any thought. The record during the past five years has been a record of failure, a record of broken promises. After we make all allowance for the conditions that existed we will not be able quickly to forgive or forget the want of frankness on the part of the government in its statements to the people of Canada with regard to housing conditions.

From your experience in the last house, Mr. Speaker, you will remember that when we assembled in the early days of the 1946 session we had fresh in our minds a statement made by a minister of the crown in Brandon. It was one of those glowing statements full of optimism. Between the 1945 and 1946 sessions, he used these words:

> We can truthfully say that, in this country at least, the worst is past.

Those were the words uttered by a minister of the crown—

Some hon. Members: Hear, hear.

Mr. Fleming: —speaking about housing conditions in 1946.

Mr. Cruickshank: The worst was passed on June 27.

Mr. Fleming: The members who sat in the last house will recall that, in the early days of the session, we were treated to some more of these optimistic pilgrimages into dreamland on the part of the former minister of reconstruction and supply, the predecessor of the present minister of reconstruction. I cannot say that without also extending to the present minister my sincere sympathy for having to take over a department in which such a botch had been made with regard to housing.

Mr. Cruickshank: The hon. member will never take it over.

Mr. Fleming: He has the sincere sympathy of the house for having been handed such a lemon by his predecessor. This lack of frankness was again displayed by that same minister on that occasion. What he had to say, you see, was that the picture was looking better. It was a picture he saw through rose-coloured glasses.

Then, sir, it was just three or four months later that the same minister, the present Minister of Trade and Commerce (Mr. Howe), came into the house on July 22, 1946, and made a confession of abject failure in meeting the housing problem. What he said on that occasion was that our immediate shortage, our emergency shortage—he was not speaking simply of a housing deficit in Canada—is 150,000 houses. By spring it will be 180,000, even if we build 60,000 houses this year. He was budgeting for a deterioration of the situation. Hon. members who were cackling and crowing just a moment ago when I mentioned that the minister who at Brandon in January, 1946, had said that the worst of conditions were past, apparently agreed with that statement; as I have said, those who were cackling and crowing will do well to recall that the present Minister of Trade and Commerce (Mr. Howe) speaking in July, 1946, in this house budgeted for a continual worsening of the situation by 20 per cent within the then coming months.

Mr. Cruickshank: We could build a house while you are talking.

Mr. Fleming: If hon. members will have regard to the facts emanating from government sources, even if they do not do what we have asked for and grant a committee of the house, so that it may be possible to bring facts before the committee, to bring people before a parliamentary committee to make their statements as to their knowledge of this housing situation, nevertheless hon. members would not be wasting their time if they would increase their knowledge—and I am speaking of hon. members opposite—of estimates emanating from government sources as to the shortage of housing in this country.

I spoke about the government estimate as to the situation three years ago. In a speech to the Canadian Construction Association last January—and it is January, 1949, that I am

now speaking of—Mr. Mansur, president of Central Mortgage and Housing Corporation, which is the government in housing, had this to say:

> The number of household groups, including not only families but also individuals who maintain households, exceed the number of front doors by approximately 350,000.

Then he went on to say, dealing with what he described as the existing emergency:

> It would be my guess that the immediate need is of the order of 150,000 units.

The present Minister of Trade and Commerce said in this house three years earlier that the then immediate emergency shortage was 150,000 units. Here is the man who probably wrote the speech that was read on that occasion in the house by the Minister of Trade and Commerce—

Some hon. Members: Oh, oh.

Mr. Fleming: —who said in January of this year:

> It would be my guess that the immediate need is of the order of 150,000 units.

The same deficit three years later! Progress by this government in three precious years in spite of all this boasting and these promises —absolutely nil!

Mr. Cruickshank: About 57 to 27.

An hon. Member: Is that all you care about—seats instead of housing?

Mr. Fleming: The hon. member for Fraser Valley yonder who is exercising his lungs so vociferously would do well to contribute some of his intelligence and some of his vocal effort to meeting the housing shortage and to telling the government opposite to get busy and perform some of their numerous housing promises.

The statements by the government sources did not end there, for in April of this year a statement was made publicly by General Young, the vice-president of the Central Mortgage and Housing Corporation, which is quoted in a Canadian Press dispatch of April 28 of this year. He said:

> Canada's housing situation is getting worse instead of better.

He says it is getting worse instead of better; that is at the end of April of this year. Let hon. members opposite laugh that off if they choose to do so.

We do not need even to go behind the statement made by the present unfortunate Minister of Reconstruction and Supply (Mr. Winters). He himself, speaking on this subject in the house on September 21 last—and mind you, he is following in the footsteps of a minister who was given to optimism without restraint—said, as reported at page 118 of *Hansard*:

> New housing, even at the present record rate of production, is barely keeping up with current needs and making no important inroads into the backlog.

That is just how serious the housing situation still is in Canada. How serious has it been in these post-war years at any time? It is just as serious now as at any time in these difficult post-war years.

What is the nature of this problem, Mr. Speaker? I make no apologies for saying, as I have said in this house on previous occasions, that the problem has short-term and long-term features; and in any serious attempt that is made in this chamber to write new legislation to cope with this problem we must have regard to both the short-term and long-term aspects of it.

The short-term aspect, of course, is this immediate emergency shortage that I have referred to. The long-term aspect embraces not only the immediate emergency shortage but also the necessity for widespread improvement in housing in Canada that is not immediately classed within that emergency shortage that I have referred to, and the necessity of eliminating much of the substandard housing in this country which is being occupied today and is affording some measure of shelter to some people but which nevertheless is substandard housing by any civilized Canadian standard.

This is a social problem, not simply a financial problem, and it is a social problem of the first magnitude. Bad housing breeds disease and crime. Slum clearance brings economic gains as well as great social gains. On the short-term aspect of it, we see some characteristics of this problem that must fill every Canadian with alarm. My colleague, the hon. member for St. John's West (Mr. Browne), speaking in this house several weeks ago, quoted some advertisements which appeared in a newspaper in my city; they were newspaper advertisements of housing accommodation available but not for families with children. That is a shocking situation, Mr. Speaker.

An hon. Member: That is Toronto.

Mr. Fleming: That is a shocking situation in Canada. There is not a member in this house who does not view with horror a situation of that kind. It is having a profound effect, sir. Every hon. member in this house knows that it is exercising a profound social influence at the present time on the homes of this country.

A release of the dominion bureau of statistics of August 4 contained these interesting figures:

> The estimated number of families in Canada in June, 1948, was 3,088,000, an increase of 46,000 over June, 1947, and 562,701 or 22·3 per cent more than at the 1941 census. The average size of family in 1948 was 3·8 persons as compared with 3·7 in 1947 and 3·9 in 1941. In each region, a decline in size of family took place between 1941 and 1948. This is reflected in an increasing proportion of families in the small-size groups, the percentage of families from two to four persons constituting 74·4 per cent of all families in 1948 as compared with 70·8 per cent in this category in 1941.

Every member in this house knows that one of the factors that have entered into that situation is a lack of housing of the kind that Canadian families ought to enjoy.

It is a matter of the most profound shame to this country that the brunt of this problem has been thrown upon the veterans, those to whom this country owes the most.

On this aspect of home ownership, the minister has made some point of assistance to home ownership. We of the Progressive Conservative party believe that there are great social and economic benefits attached to home ownership, and that these are abundant justification for assistance on the part of the government through loans of the kind that we have under part I of the National Housing Act, and other kinds of loans which we hope will be forthcoming under this legislation, in making it easier for people to acquire their own homes; but let us not close our eyes to this inescapable fact, that the high cost of construction today, coupled with emergency conditions faced by many families, has compelled large numbers of Canadians to buy homes, many of which are beyond their means, I am sure; beyond their means, certainly, unless we have in this country an assurance of a high level of employment and a high measure of economic activity in the years ahead.

Let me deal with the subject of housing for rental. There is a need of housing of this kind of great proportions in Canada today. This question of giving assistance in the form of low-cost housing by arrangements with the provinces cannot be adequately weighed, it seems to me, unless the house is also acquainted with the government's plans with reference to rent control. Certainly this whole question of housing for rent is inextricably interwoven with the problem of rent control. I hope that before the debate on the resolution stage is closed the government will give a clear statement or announcement in the house as to precisely what it proposes to do with regard to rent control, because there are great numbers of people in Canada who are today living, particularly in the overcrowded urban centres, in a condition of great uncertainty as to what faces them on March 31 next, when the present legislative measure expires. If there is to be any attempt to fob off this problem onto the provinces they need adequate warning of that fact. Sir, I reiterate my plea that the government, in fairness to the house, make its intention and its policy in that respect known before this present debate has run its course.

In his statement the minister said that the government has no intention of dealing directly with the municipalities. Nevertheless, the minister is aware that the municipalities are the governments that have had the greatest problem in relation to housing conditions, because these conditions have been literally on the doorstep of municipal governments, and those who have been suffering from lack of housing have, in the first instance, almost invariably gone to their local government pleading for some assistance.

It would profit this house nothing to try at this stage to engage in a discussion on the niceties of the constitutional aspects of responsibility at the three respective levels of government. Whatever may be said about these technical features, the fact is inescapable, sir, that the problem of improving housing conditions is, and has been throughout this entire post-war period, completely beyond the powers of the municipalities to meet. It has been beyond the power of the provinces to meet. They have not had the resources to cope with them, especially when under the emergency powers such wide legislative power has been vested in the government at Ottawa.

Whatever legislation emerges from parliament's consideration of this subject at this session, I hope that we shall keep before us at all times the necessity of preserving the local feature in administration, because the local governments are in the best position to give oversight and effective administration to plans of this kind.

In considering steps that ought to be taken I do say that representations made by such bodies as the Canadian federation of mayors and municipalities are entitled to respect, to have great weight attached to them in this house. This association is composed of those representatives of the people in their municipal governments who have had this problem literally on their doorsteps day in and day out throughout the entire post-war period. Many of the suggestions put forward by the Canadian federation of mayors and municipalities to the government have had very great weight, and I am inclined to suspect

that they had some effect in moving the government to take action of the kind that they are taking at long last as contemplated by the present legislation.

When we are talking about assistance to the municipalities I hope, sir, that we have taken some considerable step forward since those days not very long ago when unhappily this government was saying to the municipalities: "We will not contribute to the solution of your problem. We are not going to be parties to any subsidy. Any assistance we give to clearing up improper and substandard conditions in any part of this country will be confined to contributions under section 12 of the housing act"—very limited contributions indeed. There is no provision of assistance there toward anything but the assembling of land. Well, sir, at the same time this government, by its policies as administered through Wartime Housing Limited, was literally compelling municipalities to contribute subsidies to the cost of housing erected by that dominion agency, compelling the municipalities which had no choice in the matter, because they had to have housing, and Wartime Housing Limited was, in those days, the only place that they could get housing for rent. That government agency dictated the terms that the municipalities should contribute subsidies in the form of contributions of land and provision of services; yes, and if that was enough, by exacting, in lieu of taxes, payments that very often were little more than a half or a third of the taxes that these same properties would have borne had they not been owned by a government agency.

These municipalities, sir, have had a very unfair share of the load to carry all these years, because the influx to our great urban centres was not the result of any deliberate policy on the part of these municipal governments. The influx into the urban centres occurred in the course of expansion of war production, the result of federal policies almost exclusively; and these municipalities were not in a position financially to meet the need on the scale that then emerged. They were always faced with the possibility that, with the curtailment of war production, there might be an exodus of industrial workers from their areas. In many municipalities, even those that have enjoyed the most rapid growth in these post-war years, there has been a great deal of uncertainty as to how long they could expect it to continue. That has been an additional reason, sir, why the municipalities could not be expected, and were in no financial position, to cope with the problem.

What is government policy with regard to assistance? I am bound to say, sir, that we have not yet a clear and unequivocal statement of government policy in this country. There was nothing lacking in clarity, there was nothing unequivocal in the statement made by the Prime Minister (Mr. St. Laurent) in Montreal on October 27, 1947, when he said this:

> No government of which I am a part will ever pass legislation for subsidized housing.

He was quite content at that time that the government of which he was a member should compel municipalities to contribute subsidies if they wanted low-rental housing built; but he was not prepared at that time to be a member of any government that itself made any contribution to subsidized housing, or would pass legislation for subsidized housing.

It has not been made clear in the vague statement made by the minister on September 21, or in his brief statement in the house tonight, whether the government is still adhering to the policy declared by the Prime Minister, or whether there is in the legislation now about to be introduced some assistance to housing by way of subsidy. We are still waiting for a statement in that regard. At page 119 of *Hansard* for September 21 the minister talks about public-sponsored housing projects as being within the intent of the government to assist by this new measure. But we are still wondering what this policy is.

We find a good precedent for courageous action, in the neighbouring country to the south of us, in meeting the housing problem as it exists over there. In July last President Truman signed a bill which had been passed by congress, and which embraced these five leading features:

1. A slum clearance program in which the federal government will put up $1 billion in loans and another $500 million in grants to assist localities.

2. A low rental housing program to be handled by local authorities, designed to provide 810,000 units in the next six years and commit the federal government to annual maximum subsidies of $308 million over a 40-year period.

3. A broad housing research program designed to improve the construction of housing, and at the same time reduce costs.

4. Farm housing aids providing for loans and in some cases grants to improve and rehabilitate farm dwellings with the federal government commitment estimated at $325 million.

5. A 60-day extension as from last June 30 of temporary authority for the government to insure loans by private lenders up to $2,500 for repairing and remodelling existing structures; a 60-day continuation of authority

to insure mortgages for construction of small homes up to $5,000; and a $500 million increase in the amount of mortgage insurance that the government can issue for single-family and multiple-dwelling units.

Thinking in terms used by the Prime Minister (Mr. St. Laurent) in the house in recent days, I suppose we could say that half a loaf is better than no bread. At the present time the best one can say about the statement by the minister on September 21, and his statement tonight, and after reading the resolution before the house, is that at best it looks no better than half a loaf, in comparison with the whole loaf promised by the government during the election campaign.

An examination of this resolution discloses that it falls into four parts, and, without risking wearying the house, I shall speak briefly about it.

The first part of the resolution has to do with the assembly of land for residential purposes and the construction of housing projects for sale and for rent under arrangements by which the capital costs and the costs of operation of such project will be shared 75 per cent by the federal government and 25 per cent by the provincial governments in projects undertaken jointly by them.

I believe the minister is quite justified in saying that no pressure should be brought to bear upon the provinces to compel them to enter into projects of this kind. Nevertheless, I affirm that every encouragement should be given to provinces to embark with the federal government upon co-operative measures of this kind. One can welcome this evidence of co-operation between the dominion and provincial governments. For years we have been waiting for the dominion government to appreciate the necessity for seeking co-operation with the provincial governments in addressing itself to this housing problem. And at long last we can welcome this present evidence of willingness on the part of the federal government to co-operate with the provincial governments.

May I say personally to the minister that, to the extent that he has been responsible for this change of front and this change of heart on the part of the government of which he is a member, I congratulate him—and I believe the whole country will congratulate him—most heartily. It is the only approach that promises the massing of the governmental resources of this country to meet that portion of the problem which is a governmental responsibility.

I have one or two further observations to make. The minister's statement of September 21 went farther than his statement of tonight. I trust that does not mean that the government has receded from the scope of the legislation which on September 21 he indicated its desire to introduce. On that date the minister indicated a willingness on the part of the government to look into the problem arising from the shortage of serviced land in the municipalities, and the problem which arose through lack of tax revenue from properties owned by the government or its agencies. In urban centres $600 would be a very modest amount to provide services for a dwelling unit. As a matter of fact in many places in Canada it must be very much more than that. This has been an almost prohibitive cost, so far as most municipalities are concerned that have to face this housing problem within their own borders.

On the subject of payment in lieu of taxes, I hope that before this debate has run its course the Prime Minister, or someone on behalf of the government, will make the statement the government has promised to make as to its policy on this subject. We know the British North America Act has the effect of exempting properties owned by the crown in the right of the dominion from either provincial or municipal taxation. But this does not prevent contributions by the federal government or its agencies, equivalent to what the taxes on those properties would be.

Here is a problem from which there is no escape. These municipalities cannot see more and more of their land falling under dominion ownership, or ownership of dominion government agencies, without feeling the effect of this cramping of their limited tax base. If the government is going to meet this problem at long last, I am sure the House of Commons will welcome it; but the house will want the assurance that the government is not going to meet it in the way they used to tell us they were meeting the problem when they were permitting Wartime Housing Limited to make very limited contributions in lieu of taxes—contributions that very often were not half or even a third of the taxes the same property would have borne had it been in private hands.

On September 21 the minister made reference to the necessity of giving more assistance through the act to co-operative house building, but in his statement tonight he made no reference to that. The resolution is silent in so far as any assistance to co-operative house building is concerned. It seems to me, however, that this new measure will be sorely lacking if there is not some provision in it to make the present provisions of the act more useful than they have been in the past—because in the past their usefulness has been completely limited. If one looks at

what has been done in the way of co-operative house building in other countries, and he will think naturally of Great Britain and Sweden, he will see that in times past our government has overlooked a real opportunity.

Before I leave this subject of joint action and joint contribution on the part of the dominion and the provinces, may I recall to members of the house that the Canadian federation of mayors and municipalities, after studying the statement made by the minister on September 21, urged that for at least the first three years of this period the dominion government should go further and encourage a greater measure of participation in the program throughout the country by assuming one hundred per cent of the cost for that period. The recommendation of the federation was as follows:

> The federation, therefore, urges the federal government for the first three-year period following the enactment of its low-rental housing policy, to assume the full costs involved in projects commenced during this period; and, thereafter, to require provincial financial participation to the amount of 25 per cent of the annual deficit costs of any further low-rental projects which may be commenced. And, moreover, that, during this three-year initiation period, the federal government, in those municipalities where no approved local housing authority exists, proceed itself to construct demonstration low-rental housing projects.

Having regard to the informed source of that recommendation I think the minister should be asked by the house to give it serious consideration and to make a statement as to whether the government will accept it, or, if not, why not.

The second aspect of the resolution is found in these words:

> —and further to authorize the making of loans to prospective home owners in addition to basic joint loans under the act, in amounts not exceeding one-sixth of such basic loans.

That problem can be clearly understood because it concerns the difference between the cost of construction of a new home and the mortgage available today under part I of the National Housing Act. It will not be forgotten that it is federal legislation that creates that problem, that is, section 4, subsection 2, paragraph (c) of the National Housing Act. I have said before that there has been far too rigid and unsympathetic administration of the National Housing Act. In determining the loan value, regard has not been had for the high cost of construction; the percentage which has been authorized under part I of the act has not been based on the high cost of construction; it has been determined by the government agency administering that legislation. That is how that problem of the onerous difference between the cost of construction and the mortgage loan arose.

[Mr. Fleming.]

Ontario, under an enlightened Progressive Conservative government, addressed itself one and a half years ago to that very problem because of a lack of action on the part of the government at Ottawa. Why should any province have had to find a solution for that problem, seeing that the problem was well within the legislative competence of this parliament to solve? The federal government was well equipped with funds and surpluses to meet the financial side of the problem, but there just was not enough sympathetic regard on the part of the government opposite for the extent of the housing crisis in Canada to make them undertake resolutely to find a solution.

What the government of Ontario did was to pass legislation under which provincial loans up to a maximum of $1,250 were made available under second mortgages, or one-half of the difference between the mortgage loan under the act and the cost of construction. The provincial government attempted to fill in the gap created by the dominion government.

What the government is now proposing by this legislation is simply to undertake to do what the government of Ontario has been doing for the last one and a half years. One will welcome this prodigal home. At long last one can say that we welcome the adoption by this government of a good example even though they waited one and a half years to follow it.

Some hon. Members: Time.

Mr. Speaker: A number of hon. members are calling, "Time," but I would remind them that according to standing order 37 the minister moving a government order and the member speaking in reply immediately after such minister are not bound by the forty-minute rule.

Mr. Fleming: I can assure some of the restless hon. gentlemen opposite that I shall not be long, but I do not intend to spare the feelings of the supporters of the government any more than I have been.

I welcome this indication that the government at long last intends to follow this good example. Hon. members will wish to know why it has taken the government one and a half years to decide to follow this example. Hon. members will wish to know why this government has permitted this problem to exist, not only for one and a half years but prior to that time as well. This problem was pointed out to the government in this house in sessions prior to 1947. Of course they were smug, they were satisfied just as they are today, and they followed the course of just letting the people who were faced with the housing problem worry about it.

The other two features of the resolution probably do not require extended comment. I assume provision will be made to increase the amounts now named in the act to cover assistance for home improvement and home extension, and then a consequent provision for increase under Part I of the act by reason of the second feature of the resolution.

There is one other aspect of this problem which I hope will not be lost sight of, the necessity of encouraging research. Ways must be found of lowering the cost of construction, and research must be carried on with a view to improving methods of construction. There is a limit to what the people in the different municipalities want in the way of standardization in construction, but none the less, under conditions such as we face today and in view of the high cost of construction, research into methods of standardized production and various types of housing must be encouraged.

Perhaps it is not amiss to commend the example set by those municipalities which have taken advantage of the present opportunity to re-examine their building codes with a view to determining, in the light of increased knowledge made available through research, how those codes can be changed to take advantage of new and improved methods, at the same time making it easier for people to build houses.

Again I commend to this government the example of the Ontario government, to which I have referred, which in its legislation of one and a half years ago did not stop at the feature I have already mentioned but went farther to meet other aspects of the housing need. I take advantage of the opportunity to remind hon. members that the head of that forward-looking, progressive government which brought in that legislation was the present leader of the opposition (Mr. Drew). That shows what can happen in a province which is blessed with good government under a Progressive Conservative leader.

With all due respect for other provincial governments, Mr. Speaker, you do not find them taking resolute measures of the kind I have referred to. What are these measures which I commend to the attention of the government and invite them to copy? I referred to the first feature, meeting the need for additional mortgage financing by way of second mortgage. The second feature was provision for financing approved building developments where a new method of construction is applied resulting in a substantial reduction in the cost of housing. Under that provision guarantees of up to $2 million were offered.

The third feature was participation with municipalities in the financing of redevelopment including slum clearance, where this appeared to be a sound policy. That provision was designed to provide rental accommodation on a larger scale, and sums up to $15 million were allocated for that purpose.

Let me just interject here that it was under these provisions that the now well-known Regent Park development was undertaken in the city of Toronto. Limited assistance—altogether too limited—was given by the federal government under section 12 of the housing act in connection with the assembly of land, and I remind hon. members that this housing project was commended by the Prime Minister (Mr. St. Laurent) when he went to Toronto and viewed it on February 21 last. At that time he called it "a landmark in Canadian housing"; and that was made possible by legislation of the province of Ontario introduced, as I have said, by a forward-looking, progressive and intelligent government.

The fourth feature of that Ontario program was an offer to pay one-half the cost of lands and services up to a limit of $300 per house, for a tentative ten thousand houses under municipal low-rental projects.

It will probably interest hon. members to learn that since this legislation came into operation one and a half years ago 10,000 mortgages have been approved and sums have been advanced in excess of the $10 million originally appropriated, so that an additional appropriation of $5 million was made available to carry on this worthy endeavour to meet the housing problem.

Always in connection with a problem of this kind there must be something more important than the terms of any legislation that may be passed by this parliament. That is the spirit put into the administration and enforcement of such legislation by the government charged with the duty of administering it. The drive necessary to derive the utmost benefit from existing housing legislation has been woefully lacking in this country in recent years. We had to complain as early as 1945, when different departments had this problem all tangled up. At least three departments were playing with it then; and whatever steps were taken to improve the government's approach to the problem—and I say this without the slightest fear of contradiction—were taken in every case in response to suggestions and demands that came from His Majesty's loyal opposition in the last house.

If this government is to make a serious effort to carry out the promises it made to the people during the election campaign we shall expect it to put behind this new program, or this addition to the old program, such drive

and vigour as unfortunately it has not yet put behind the housing legislation this parliament has enacted. I am sure nothing but the most sustained drive to make this legislation fruitful in the production of homes for Canadians will satisfy this parliament and the Canadian people.

Mr. Daniel McIvor (Fort William): Mr. Speaker, I shall be brief. I offer no apology for being proud of what the young minister has done since coming into office. He has shown one of the qualities of a true statesman; that is, co-operation. In the animal kingdom, you know, any animal not willing to co-operate soon passes on. We have the horse, the cow, the sheep and the goat today because they were willing to co-operate for the good of all; and that is just as true of the politician and statesman. If he is willing to co-operate with others who are striving for the betterment of mankind he will have plenty of friends.

I also congratulate the hon. member for Eglinton (Mr. Fleming) on his speech. He always makes a good speech and always has something to say. The statement of the minister this evening was short, just as the down payment that will be required from these young householders will be small. He said a great deal in a very short time. During the summer months, instead of going with his wife and family to enjoy a cool holiday, he was holding conferences with representatives of the provincial governments. On the strength of those conferences we made certain promises; I know I said that if I were not mistaken the minister would bring this matter to a head, and he has done so. Don't I remember how I had my hair pulled, figuratively, when the dominion government stepped into this provincial housing scheme to build wartime houses. I was told very pointedly that a year after the war they would be a burden on the cities in which they were built. I am as sure now as I was then, Mr. Speaker, that it was not a mistake. Perhaps I am more sure now. Those houses are worth more today than they were then. Of course, I do not give the minister credit for seeing that far ahead. When this statement was made by the minister, I know young householders who started saving because they wanted to have a home of their own. They wanted to pay for it. I think the minister is wise, therefore, in requesting that the debate on this matter be not too lengthy. We should have it right away. I know I have had a heart-burning when a young husband and wife with one, two or three children have been unable to find a house. Let us have this thing, and have it right away. As we would say to the old Ford, "Let us step on the gas." This measure should be enacted as quickly and as thoroughly as possible. I commend the minister for it.

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, I thought when the member for Fort William (Mr. McIvor) began speaking the minister had done so well in the matter of housing that nothing further need be done. By the time he had finished, he had come to the conclusion it was time to do something. Ordinarily, I am not in favour of extended debates on the resolution stage of a measure. I do not think it is the proper time to have a debate because we do not know the contents of the bill that will be founded upon the resolution. I am going to depart from that rule tonight in view of the great importance and urgency of the question which we are now discussing, the question of housing.

If the proposed bill is of sufficient scope to meet the housing needs, it will be welcomed by the people of Canada as no other measure will be welcomed which this government may propose at this session. I am going to trespass on the time of the house because I do not believe the proposed bill will be of sufficient scope to meet the housing needs of the people of Canada. I am basing that opinion on the resolution itself, on the statement the minister made on September 21 outlining the government's intentions, and the addition to that statement which he made tonight. I do not believe that what is proposed will come anywhere near meeting the situation. It is not my intention to criticize as much as it is to try to show the minister and the members of the house the urgent need for housing which exists in every part of Canada. It is a need which is beyond the ability of the individual family, the ability of the municipality, or the ability of the province to deal with adequately.

I admit at once that there are some good points in the resolution and the proposals contained in the two statements. Despite the fact that constitutionally housing is a matter for the provinces, the federal government is assuming a responsibility perhaps greater than it has assumed up to now; that is all to the good. There is the hope, which I hope is well founded, that the provinces will co-operate and that the municipalities will also co-operate so that we can have a housing development participation by the three governments. Up until now the provinces, perhaps for sufficient reasons in most cases and insufficient reasons in some cases, have refused to co-operate in the matter of low-rent housing.

Another important point is, of course, that the federal government is assuming the major share of the financial burden. The fact that the government hopes to use the co-operative

movement is also a good omen. From the concluding paragraph of the minister's statement on September 21, I do not believe that the government itself has yet realized the amount of assistance, not only the amount of assistance but the amount of initiative, that will be required before the problem is solved. The concluding paragraph of that statement reads as follows:

> The policy as enunciated by the Minister of Reconstruction and Supply in 1946 is the keystone of our present policy; that is, the creation of conditions favourable to a large housing program by private individuals and companies. Only to the extent that housing needs are not being met is it proposed that the dominion and the provinces will enter the field.

Now, if that is the government's policy up until now, they might as well have no policy at all so far as sixty-five per cent of the people who need houses in Canada are concerned. If there is anything that should be clear to the government by this time, it is that private enterprise will not or perhaps cannot provide houses for those who need them most. During the past four years this has been tried, there has been complete failure despite all the assistance and encouragement the government has given private enterprise.

That the minister himself has doubts of private enterprise's ability to provide the housing needs of the people, I think is made clear by the concluding words of the paragraph I have just read. They are as follows:

> It seems to me that only by the co-operative efforts of all levels of government and the house building industry can we maintain our high volume of new residential construction and increase it beyond its present level.

That is not consistent with the first part of the statement which says that the government will only step in when private enterprise has failed. Perhaps this is an afterthought that the government is now going to try to co-operate with the provincial governments and with private enterprise. I am not hopeful of results even in that way.

Let me point this out. I believe there is abundant evidence to prove that private enterprise can build homes for only those who can pay high prices. In the city of Vancouver last summer there were between three hundred and four hundred houses ready for occupancy at one time seeking buyers. Those were homes in the $10,000 to $40,000 class. But the people who need homes in Vancouver cannot purchase houses at those prices, and they could not purchase them even if the down payment were reduced. As a matter of fact, they could not purchase those homes even if there were no down payment at all, because they could not make the monthly payments that would be required on houses of that price. That is the problem that is facing the people of Canada and that is the problem that is facing this government.

I should like to quote from various statements from individuals and organizations evidence showing the urgent need for housing in this country. Before I do so, however, let me draw the attention of the house to some figures that were given in an article by Professor Leonard Marsh in the *Canadian Journal of Economic and Political Science* of February, 1949. The title of the article is "The Economics of Low Rent Housing." The writer says that no family should try to build a house or to buy a house costing more than twice the annual family income. He then pointed out that on that basis 20·7 per cent of those needing homes cannot afford to buy any kind of house; that the next 12·7 per cent cannot afford to buy a house costing more than $3,000 to $4,000; that the next 20 per cent cannot afford to buy a house costing more than from $4,000 to $5,000; and that the next 12·1 per cent cannot afford to buy a house costing more than from $5,000 to $6,000. Here you have 65·5 per cent of those requiring houses in Canada who cannot afford to buy houses priced higher than $6,000.

In my part of the country few houses are being built today which cost less than $6,000. I doubt if any houses at all are being built for less than that. There may be perhaps some three-roomed houses being built for less than that, but I do not think that a house of more than three rooms can be built in western Canada—that is, if it is a modern house—for less than $6,000.

I now want to point out the situation in Vancouver. In a submission made to this government by the Vancouver housing association under date of February 18, 1949, I find the following:

> Owing to the tremendous influx of population, the housing situation in British Columbia, already serious at the close of the war, has steadily deteriorated during the last three years, in spite of the relatively high rate of building activity.
>
> In the city of Vancouver alone, the number of houses built has fallen over 2,000 short of the estimated increase in the number of families in each of the last two years.
>
> 2. It has become impossible, as a result, to enforce even a minimum standard of health regulations, and slum conditions are steadily spreading outward from the core of our cities.
>
> It is unnecessary to stress the cost, not only in terms of family misery, but in dollars and cents for the community, brought about by these conditions, with their inevitable consequences of ill health, broken homes, juvenile delinquency and social unrest, involving in turn high hospital, penitentiary, police, fire, social assistance and other welfare expenditures.

After the election, along with some other members of parliament representing Vancouver constituencies, and directed by the

manager or secretary of the Vancouver housing association, we visited some of the worst tenements in the city. We did not visit a great many; we did not have the time to do so. But I am sure that those who were with me will agree that none of the tenements we visited were fit for human habitation. Yet there were families, including young children and old people in large numbers, in those slum tenements.

In a statement issued as late as September, 1949—that is, just last month—the Vancouver housing association mentioned those conditions:

A survey of 1,000 lodging houses by the city health department early this year revealed the following facts: 14·7 per cent of all occupied accommodation were basement or attic rooms; 133 rooms had no window or skylight. Half the lodging houses contained children. There was an average of one bath or shower to every eight persons. In 10 per cent of the houses, there was only one toilet for eleven or more persons. In 20 per cent of the cases the plumbing was graded as poor, in 37½ per cent fair. Thirty-two and one-half per cent of the houses were in poor structural maintenance.

Then the statement goes on to say:

One of the most significant points brought out by these tours—

It referred not only to the tours of members of parliament but to those by aldermen of the city as well.

—is the inevitable tendency for the low income families with children to gravitate to the worst accommodation, and it is, of course, just these families who suffer most harm from bad housing and environment.

I am not over-drawing the picture in Vancouver. Vancouver is of course—depending on the parts of it you visit—a city of beautiful homes. Perhaps in no other city of Canada can you find so many beautiful and fine-looking homes; but perhaps in no other city of Canada can you find slums that will compare with ours. The people in my city are therefore concerned about housing. So far as I have been able to learn, they are not satisfied with the proposals made by the government up to now. While those proposals are an improvement over what has been done to date, the people do not believe that they are sufficient to meet the need.

The next publication I want to quote from is entitled "Layout for Living". It is the official organ of the Community Planning Association of Canada with head offices in Ottawa. This publication is speaking for the whole of Canada in the matter of housing. On page 3 I find the following:

In every province there are thousands more families wanting accommodation for rent than there are dwellings to be rented. True, the federal government has built tens of thousands of rental houses since the war—but they are all for veterans. The only houses being added now to the rental supply (and open to all families to try for)

are renting at $50, $60, $70 and up per month. The federal government has offered guarantees to private builders if they will do more rental housing, but even with this it seems almost impossible to get a new apartment to pay for itself if the rent is less than about $70. Yet two-thirds of the urban families in rented shelter in 1948 were paying no more than $30.

These are dominion bureau of statistics' figures.

For this important group of Canadian families—about one in every four of all our families—very little housing has been built since the depression.

That is the situation I should like the minister and hon. members to visualize. I am satisfied that if hon. gentlemen critically approach the problem they will come to the conclusion that the legislation before us is not adequate to deal with it as it should be dealt with.

The next quotation I should like to read is a statement by the chairman of the federation of mayors and municipalities, which appears in the Vancouver *News-Herald* of August 31, 1949. Mayor George C. MacLean of St. Boniface, Manitoba, said:

Canadians would be greatly disappointed if the only result of the recently concluded trans-Canada housing tour is to be some sort of federal-provincial arrangement to reduce the required down payment for home purchases.

There he was referring to the housing tour made by the Minister of Reconstruction and Supply (Mr. Winters). I continue:

This is no solution to the housing problem at all. It simply means a lower initial payment—but a higher annual carrying charge. It will encourage some people to begin buying their homes, but it offers no relief to that large aggregation of average workers who, even if no initial equity were required, would still be unable to finance the cost of a minimum standard low-cost home.

He continued:

Broadly speaking the maximum which the average worker's family can afford to put out for shelter does not exceed $25 a month and as the facts show, many can't afford even this.

Compare that with the statement in the Canadian community planning association booklet where the rents are from $50, $60 to $70 and up per month and you will appreciate at once why the working people of Canada can find no comfort in the proposals made by the government.

The next publication I wish to quote from is the report of the Canadian welfare council, 1948. On page 5 I find the following:

A word first about living costs where the index now stands at 153·3.

That was in 1948. It is much higher now. I continue:

Agencies in our family division during the past winter attempted to evaluate what was happening to families under their care. The report of this study shows a sharp increase in the number seeking assistance to pay for food, clothing and essential medical and dental care. More mothers are going

to work to help make ends meet with a consequent neglect of children. Increased debts, problems in caring for aged members of the family, older children leaving school for blind-alley jobs, and friction within families, were all reported by most agencies.

And second a comment on housing which is still to be regarded as Canada's number one social problem. Here the point to emphasize is that, although a record number of houses was built in 1947, our national position today is hardly less serious than it was a year ago; nor, if the number of families continues to increase at present rates, are we likely to be any better off next year than we are now.

That situation has not improved in any way whatsoever since this report was published.

At the first session this year I put some questions on the order paper, and they were answered in the form of a return which is to be found in *Votes and Proceedings* No. 38, for the first session, 1949. The information was given by Central Mortgage and Housing Corporation. My first question was:

How many houses (family units) were built in Canada in the year 1948?

The answer was:

Housing units built in Canada in 1948 numbered 81,243 including 5,146 housing units added by conversion.

My second question was:

How many houses (family units) were constructed with financial assistance under the provisions of the National Housing Act, during the same year?

The answer was:

The number of housing units completed in 1948 with financial assistance under the provisions of the National Housing Act numbered 11,939.

Hon. members will see the small number of people who took advantage of the National Housing Act. The great majority of those who buy or build houses do not need the assistance of the National Housing Act.

My third question was:

What was the total amount of financial assistance?

The answer was:

The total amount of financial assistance through loans approved under the National Housing Act in 1948 amounted to $101,642,194.

Or an average of $8,512 per family unit.

My fourth question was:

How many houses (family units) were built for rental?

The answer was:

It is estimated that 25 per cent of all housing units completed in 1948 were built for rental (Housing Bulletin No. 12, dominion bureau of statistics, page 3). Those built in 1948 with financial assistance under the National Housing Act numbered 1,599.

The need today, Mr. Speaker, is for rental houses. In 1938-39, 45 per cent of the houses built were for rent. In 1948 only about 30 per cent were built for rent, and the greater proportion of them were veterans' houses; therefore not more than 13 per cent of the houses built were rental houses. My time has almost expired, but, as I said before, I want to give the minister and the house the feeling as I find it in my city and province and also as it appears to me throughout the country. Despite any criticism I have made, I do not wish to conclude my remarks without expressing my appreciation of the intention of the government as indicated by the minister to assume 75 per cent of the cost of low-rental housing, in co-operation with the provinces.

Again the question is: Will the provinces co-operate? I believe the premier of British Columbia stated in the legislature early this year that he would be willing to co-operate with the federal government. I believe also that the city of Vancouver acquired the legislation necessary to set up a housing authority. It would appear therefore that at least in British Columbia there can be co-operation on the three levels of government.

If our people are to be adequately housed, in my opinion and in the opinion of all those authorities whom I have quoted tonight, there is no alternative to government assisted housing, except a more equitable distribution of the national income, so that more people will receive incomes which would permit them to build their own homes out of savings over a period of time or out of current earnings.

I mention that possible alternative—but there is no hope at the present time that we shall see a more equitable distribution of income. As a matter of fact there is a growing resistance to wage increases. Let me in concluding tell the house that we must make up our minds that if we do not pay for decent housing for those who cannot provide homes for themselves we shall pay for the poor homes in which they are compelled to live. Perhaps I cannot put that point better than it was put by the citizens committee on housing in Halifax, Nova Scotia, not so long ago. This is what they said:

Housing of the poor we are going to provide, let us make no mistake about that. It is only a question whether we shall house them in hospitals, mental institutions, reformatories and jails; or whether we shall house them in cleanly, light and sanitary surroundings where both body and soul will have a chance. Which shall it be?

I have taken up the time of the house to place these matters before the Minister of Reconstruction and Supply (Mr. Winters) in the hope that, if he has not drafted the bill to be founded on this resolution, he will give consideration to what I have said. If he has drafted the bill I hope he will scrap the draft and prepare a new bill which will more adequately meet the need of homes for the people of Canada.

Mr. C. E. Johnston (Bow River): Mr. Speaker, may I say at the beginning to the new Minister of Reconstruction and Supply

(Mr. Winters) that I have greater hopes of seeing beneficial progress through the National Housing Act under his regime than I had under the administration of the minister who preceded him. I do not say this because of any thought that the minister who held the portfolio before had not sufficient knowledge of house construction. I have thought however that perhaps he was a little more set in his ways than the present minister would be.

I believe the measure before the house this evening will make some improvement in the operation of the National Housing Act. I am wondering, however, whether the actions of the federal government in being so ready to participate in joint operations with the provinces arise from a motive of wishing to improve housing conditions—as I hope may be the result in the long run—or whether it is to get out from under some of the difficulties as they have developed under the operation of the National Housing Act.

Mr. Gibson (Comox-Alberni): Perhaps they want to get in on some of that oil money of yours.

Mr. Johnston: Maybe the time will come when they will not need any other assistance —and I hope that time may come soon. As the hon. member for Eglinton (Mr. Fleming) has said with respect to Ontario, I may say concerning Alberta that the province is under excellent management—and that cannot be gainsaid by anyone.

Mr. Hansell: Oil or no oil.

Mr. Knowles: Gas or no gas.

Mr. Johnston: It is hard to say what will be in the new bill. None of us, with the exception of the government, knows what is contemplated in the legislation. Therefore we must be content with what the minister said today and on September 21, and must accept those statements as some indication of the legislation he proposes to bring down.

One thing of which we may all be sure is that there is a national emergency in housing. This is not a new problem, because the emergency has existed for a number of years. I was interested in the statement the minister made on September 21 when, at page 118, he used these words:

> This year's housing production will be higher than ever before. It is likely to reach a record high of approximately 100,000 units in 1949.

I looked over that sentence several times, because he had been speaking of the operation of government-planned housing, and of the amendment to the National Housing Act. I wondered whether he contemplated that 100,000 units under the National Housing Act —because I do not think he could have meant that. I think he meant general housing production in the country would be 100,000 units.

Mr. Winters: That is correct.

Mr. Johnston: I see the minister nods his head, so that would seem to be correct. I hope his estimate is accurate, because he is much more optimistic than I am—indeed more optimistic than quite a number of other people.

I was interested the other day in an article appearing in the Ottawa *Citizen* of October 13, 1949, which makes reference to the number of houses built in Canada and states that there are 46,326 more families in their own homes. That sounds good—but it is a long way short of the minister's contemplated 100,000. The article I am about to read does not confine itself to operations under the National Housing Act, but refers to the total number of homes built, and goes on to say:

> The first seven months in 1949 saw another 46,326 families in their own homes, a 10,000-home improvement over the housing progress of a year before.
>
> This was reported by the bureau of statistics yesterday in its monthly housing bulletin. It showed however—

And take note of this—

> —that fewer new homes were started this year than last. Starts during the seven months of 1949 totalled 49,285 compared with 49,452 in the first seven months of 1948.

The minister is going to have to do a lot of building if he reaches that 100,000, or if he reaches only 50 per cent of it. I am going to say to him that if he achieves 75 per cent of his estimate he will be doing a good job—provided, of course, he sees that decent houses are built. I think the need for housing in this country is greater today than it has been for some years past, and there are several reasons for this. First is the rapid increase in population with the resultant increase in all family formations. This, combined with immigration, has created a tremendous housing problem.

Then there is the obsolescence of existing units. Many houses are deteriorating at a very fast rate. I was interested in hearing the hon. member for Fort William (Mr. McIvor) tell us about the wonderful houses which had been built at the beginning of the war and how well they had stood up. I know the hon. member is not a betting man and neither am I, but if he were I would bet him ten dollars that I could show him houses within two miles of this building which have practically collapsed—if they have not, it is a miracle. I refer to the houses over in Hull.

Mr. Fournier (Hull): Oh, no.

Mr. Johnston: Oh, yes. I saw those houses six months after they were built and you could not close a door in them.

Mr. Fournier (Hull): The hon. member should see them now.

Mr. Johnston: Do not make any mistake about it, I was in them.

Mr. Fournier (Hull): I know many people who are living in them and they are satisfied.

Mr. Johnston: I suppose that as they cannot get anything else they must be satisfied.

Mr. Smith (Calgary West): What are the odds on this ten dollar bet?

Mr. Johnston: We should benefit from experience. It is not often that I have spoken critically of the government's housing program and I am hopeful that the minister will accept criticism a bit more readily than his predecessor, providing the criticism is not destructive. We should turn our attention to some of the conditions that have been allowed to exist under the National Housing Act to see if some improvement cannot be made. My mind goes back to a housing project to which I have referred on other occasions, the one carried out by the Bow River Construction Company. I should like to indicate some ways in which past failures could be prevented.

First, there was never a trusteeship set up for the down payments that were made. I raised this question about two years ago when I pointed out that it was wrong to permit people to make deposits on houses to a real estate agent or builder who could spend the money any way he liked. In some cases the contracts were not completed and the prospective home owners lost their down payments. I hope the minister is taking this under consideration and has made provision for a trusteeship to cover these down payments. The prospective home owners should have some protection for the money they pay in.

I am not laying all the mistakes that have been made on the doorstep of the government, although they are their responsibility. One other great mistake in the past was the lack of proper supervision. I know that the minister cannot go around and personally inspect all these buildings, but when I spoke on this question four or five years ago I pointed out that this was one of the great mistakes that were being made. I can recall at the moment one instance where an inspector accepted a house for the government in which inferior lumber filled with knotholes had been used for the floors. The floors were completely covered with paper, this inspector admitted that he had not seen them, yet he passed the house as being No. 1.

These are mistakes which the government can avoid without any additional expense. When the government lets a contract it should see to it that the builder is properly qualified both from the financial point of view and in experience. That condition was not insisted upon in the past. I have here a booklet entitled, "The Integrated Housing Plan", which has been put out by the Central Housing and Mortgage Corporation. I should like to know if the government recognizes this booklet as being authentic? I should like the minister to indicate whether people can place reliance in this booklet which I got just the other day.

An hon. Member: Who printed it?

Mr. Johnston: It is sent out by Central Mortgage and Housing Corporation, Ottawa, Canada, and is marked, "RCM-3". Apparently the minister has not yet given his approval to this and I do not know whether he intends to. Is this authentic, Mr. Minister?

An hon. Member: No.

Mr. Johnston: I should like to know before I quote from it.

An hon. Member: He does not know.

Mr. Johnston: Under "credit" it states:

> The builder's credit rating must be sound,—

That would be sound.

> —and he must satisfy the lending institution and Central Mortgage and Housing Corporation that he is able, both financially and by virtue of experience, to undertake large-scale building operations.

Then I should like to refer to the builder's qualifications. Apparently this pamphlet is being sent out to prospective buyers all across the country. It is a government publication, but in the past this government has let contracts to persons who did not know the first thing about building. I do not think I can give a better example than that of the Bow River Construction Company. Speaking from memory, this company was given a credit rating by Central Mortgage of over $125,000, and I think I am conservative in making that estimate. The president of the company told me that they had not one cent to start with, and they certainly had no building experience whatever.

It is things like these that have caused difficulty. It is things like these that the government can correct without spending one cent. In most cases where building failures have occurred it will be found that they were due to negligence through lack of proper inspection. When people receive government pamphlets like this they put a great deal of confidence in them, and they should be able to do so. When they have the government's word that they have employed a competent

contractor to build the houses the people naturally expect that their investment will be safeguarded, and they should have every reason to expect that. When I am speaking of failures, hon. members may think the project undertaken in Calgary by the Bow River Construction Company was the only one, but there have been others. There have been failures in Halifax, in Vancouver, in Winnipeg and in Toronto. However, I believe the Bow River construction failure was perhaps outstanding, and I spoke on it at some length in this house. I should have thought the government would have benefited from that criticism, but I was amazed when I read the Ottawa *Journal* of Thursday, September 29, and saw this heading: "Have down payment on homes held in trust, judge suggests." I was interested in the heading and I read on:

> Toronto, September 29 (CP). Judge Ian Macdonnell, presiding at a judicial inquiry into the failure of the big suburban Pelmo Park housing project, suggested yesterday legislation providing that down payments by home purchasers be kept in trust, may be a means of preventing similar losses.

I heartily endorse that recommendation; it is something I suggested a long time ago. Then the dispatch goes on:

> Judge Macdonnell said that although there are many other cases of builders failing to complete homes after receiving money for them, "it is not illegal . . . it may have to be cured by some trustee provisions."
>
> An auditor's report yesterday disclosed that the Kershaw Construction Company, whose Pelmo Park housing project failed last May, had a deficit of $135,051 during the previous eight months.

Then notice this:

> Fifty-four would-be home owners lost a total of $93,553 on the project.

Just because this government failed to accept criticism in the spirit in which it was offered over a year ago, more than $93,000 was lost by those people who invested all their savings in order to get homes.

Mr. Warren: That was a provincial company.

Mr. Johnston: I don't care what kind of company it was; that practice is carried on by this government under the National Housing Act. The next heading is, "Depositors lose all," and the article states:

> The auditor's report said the total assets of the company—$86,700—did not represent anything any of the 54 depositors could realize.

So the assets were in such form that the down payments of the purchasers could not be recovered in any way. However, when I remember the estimates made by Central Mortgage and Housing with respect to the Bow River Construction Company, and remember that the president told me they did not have a red cent to start with, I am just a little doubtful of that estimate of $86,700.

Mr. Gibson (Comox-Alberni): You sold them too well on the social credit theory.

Mr. Johnston: I do not know what that has to do with this; but my hon. friend from Red Deer (Mr. Shaw) says this is Liberalism in practice. Now, Mr. Speaker, I am hopeful that the government will benefit by these past experiences. Speaking of these failures, I want to make one other point. This may not come under the Minister of Reconstruction and Supply (Mr. Winters), but at least it concerns him. I believe provision should be made in our legislation so that the Central Mortgage and Housing Corporation could be prosecuted in the ordinary provincial courts. I took up this question some time ago with the Minister of Justice (Mr. Garson), who agreed that there should be some court where both the Central Mortgage and Housing Corporation and—I was going to say the Manufacturers Life—these other institutions could be jointly prosecuted. As it stands today, when you have Central Mortgage and Housing in partnership with a lending institution, no matter how disreputable that lending institution may be, there is no place where those two bodies may be prosecuted. We had a good example of that in Calgary. When we tried to bring them before the court the judge said, "Oh, you cannot prosecute Central Mortgage and Housing in the provincial courts. They are a little god unto themselves, and you must go down to the exchequer court." Then the minister stood up here and said they were a little god unto themselves, and we could not prosecute them without their consent. So there we were stuck. How does the ordinary man get justice? I remember someone saying here the other day that you could find justice if you had the money to pay for it. That may be somewhat exaggerated, but certainly there are cases in which the ordinary man cannot get justice, and this is one of them. I have a great deal of hope for the new minister, though I will tell you in a year or so how it works out. I do trust that he will make some provision under which the courts of this land will be made available to those who are investing their money in these homes.

I hope I am wrong, but I am a little afraid that, with all the emphasis being laid on co-operation with the provinces, the dominion may be endeavouring to get out from under these embarrassing questions and pass them over to the provinces. I believe the suggestions now advanced may ultimately result in a good system of co-operation, if the proper steps are carefully taken.

Let me speak for a moment about low rental housing. One of the things proposed by the minister in his speech of September 21 was the lowering of the down payment by one-sixth. That is going to assist some people to come in under these housing projects. That one-sixth, of course, has to do with the difference between the cost of the house and the amount of the loan. It will be of great assistance in reducing the down payment, and to that extent will be a benefit; but the point I particularly want to mention right now is the purchase price. In the little pamphlet I referred to a moment ago it is mentioned that the price must be fair and reasonable and in his speech the minister emphasized that point. This brings me to the matter referred to the other day by the Minister of Labour (Mr. Mitchell), when he emphasized the sanctity of contracts. I like that expression; but no government in this country has had less regard for the sanctity of contracts than this government under the National Housing Act as administered by the former minister. I want to repeat that; no government has had less regard for the sanctity of contracts than this federal government under the National Housing Act, as administered by the former minister.

Mr. Gibson (Comox-Alberni): Illustrate.

Mr. Johnston: Illustrate? Let me refer to the contracts that were let in Calgary, which ranged anywhere from $6,600 to $8,125. Now, the end price was set; the contract was drawn up; the mortgage was drawn up; and everything was fixed including the escalator clause and the maximum of it was set, too. Then, when the people who bought those houses and signed those mortgages and contracts asked the government to fulfil that agreement, the government said: We have nothing to do with it. All they were asking was that the government abide by the contract. The government itself had set that price. These men had the contracts literally thrown in their face, and they lost all the money they put into them. When we talk about the sanctity of contracts, let us make that apply to this government as well as to any other concern in the country.

I am leaving out about seventy-five per cent of my notes, Mr. Speaker, because my time is running short. I shall have to take those matters up in committee.

Mr. Fleming: Give us some more of those illustrations.

Mr. Johnston: Yes, I want to refer to that illustration. I should like to go back and read some more from Judge Ian Macdonnell's statement of Thursday, September 29.

> Angus McClaskey, the Ontario regional supervisor of Central Mortgage and Housing Corporation, said his organization put up twenty-five per cent of the first mortgages on the Pelmo homes.
>
> He said the corporation has been faced with this type of problem for two years and "has come to the conclusion that the solution does not lie in the relationship between the purchaser and the mortgage company."
>
> "We feel that as a corporation we cannot undertake to police vendor-purchaser transactions. We think this matter lies within the field of provincial legislation."

At this point, may I ask, is it any wonder I am suspicious? This is one of the supervisors of Central Mortgage and Housing, one of the officials concerned with the provincial-federal relationship, who is trying to get out from under some of the difficulties.

The article continues:

> "Possibly there should be amendments to the Mechanics' Lien Act or in a licensing system for builders."

This is passing the buck to the provinces.

May I stop at this point to indicate one of the other recommendations I made a few years ago—when I mentioned it to the minister he said he was going to give consideration to it but whether he has, I do not know—and it was this: When we have contractors handling millions of dollars, then I believe those contractors should be bonded. They should not be licensed, they should be bonded. If that action were taken, it would not cost the government any more, even if the government had to pay the bonding fee. It would relieve the government of a great deal of responsibility because the bonding company would see to it that the conditions of the contract were carried out.

> Mr. McClaskey said it would be impractical for the crown corporation to hold money in trust for would-be home owners.

Now, that is quite contradictory to what Judge Macdonnell recommends, and contradictory to what I believe is in the minister's mind. Mr. McClaskey does not think it feasible to provide a trusteeship for these down payments, and in that I strongly disagree with him.

> He said the corporation tried to do this in conjunction with its integrated housing program for veterans. Under this plan, money from purchasers is held in trust. Builders are required to give the corporation a waiver on all liens, . . .

and so on.

I come to this question, Mr. Speaker, of reducing costs. It does seem to me that these houses are costing more money than is necessary when they are built on a large scale.

There is a difference between a private contractor who is building a house, or perhaps two houses, and a man who is building twenty, forty or fifty houses. There is a great deal of difference in the cost of operation, for instance, in digging the basements. There is a great difference between having a machine come to dig fifty basements at once and having a machine come to dig one basement at a time. In large-scale operations a profit of $500 per unit is a tremendous amount. A great deal of money can be made at that rate. Five hundred dollars' profit for a contractor on a single unit is not too large. I would not think it was out of line at all, but of course it would depend on the type of house.

By means of research in the construction field, we could find new methods of construction. I could point some out to you, but my time is slipping by. Proper building inspection could be provided, and it would materially lower the costs to the government and the builder. Then, we could have proper control of the financing. I refer particularly to the mismanagement of finance by the lending institutions. I shall not dwell on it at this point, except to say that some of these lending institutions—I was going to say appropriate money, but that would not be the right term—are confiscating money which belongs to the purchaser for which the lending institution has never performed one bit of work. I do not think that should be permitted. I shall deal with that at length on another occasion.

I believe there is another point at which we could very well lower the cost of housing, and that is by the government cutting out some of these burdensome sales taxes which apply to items used in home construction. I believe, Mr. Speaker, the government could well afford to do that and the country would appreciate it. I believe the builders, too, would benefit if this government were to appoint a royal commission to investigate housing. I know the minister's answer to that, because I have it before me in the form of a press statement. He does not intend to appoint a royal commission. I have a clipping of the editorial before me, but I shall not bother to read it. It refers to the Canadian Construction Association and Ottawa building contractors who do not appreciate having a royal commission investigate this matter. Despite those two objections, I do not know whether the minister is very determined in his viewpoint. I believe there is a good deal of advantage in having a royal commission investigate the housing problem. Because it is so urgent that we have homes for our people to live in, because it is a financial problem and the government and the taxpayers indirectly have such a large financial investment in this project, I believe it would be well worth having a royal commission look into these housing projects.

I intended to speak at some length, Mr. Speaker, on low-rental projects. A great majority of the people in this country cannot afford to pay the rents that are being required. You know it is a strange thing that the people who live in the poorest houses in Canada receive an income so low that the low rents of today are simply far beyond their reach. This housing problem with which we are faced today is not going to be solved by the type of house that is being built today. I have not the time to go into that matter, however.

Perhaps I could just take one moment to read a section from this circular which I received from the Canadian federation of mayors and municipalities. It contains the views of that organization on low-rental housing.

> The federation, over the years, and more urgently during recent years, has urged the federal government to initiate a national program of subsidized low-rental housing. It again points out, that, as of the moment, the federal authorities, themselves, estimate that there are 300,000 more family units in Canada than there are houses to accommodate them. The great bulk of these families are low and average wage income families.
>
> Moreover, according to a recent survey of the dominion bureau of statistics, nearly two-thirds of the urban tenants of Canada were paying less than $30 a month; of these, about one-half were paying less than $20 a month; and 5 per cent were paying less than $10.
>
> Measured in terms of the demonstrable unmet need for housing accommodation; and the rent-paying capacity of those who comprise a major part of the population; there can be no question that the greatest housing need in Canada today is that for low-wage income families. Unable to afford the economic rents of new housing at the prevailing high construction costs, their housing needs cannot be met save by some form of subsidized housing.

May I interject and say that I agree with them wholeheartedly. Then they go on:

> Meanwhile, the housing problem worsens for low-wage income families. Less and less housing accommodation is available to them because the proportion of new family formations is greater among them than among any other economic groups. With no new housing at all being constructed for low-wage families, congestion becomes greater and greater and conditions, already deplorable, become completely intolerable. The situation has reached the point where any further delay in at least a start on low-rental housing projects can only be regarded as a national calamity.

I think that is sufficient to show what an organization such as the national executive committee and advisory board of the Canadian federation of mayors and municipalities has to say about this condition and it requires no further explanation from me to show how great a need there is for this emergency housing program. I am aware that the minister appreciates all these things. I

am aware that he knows of these conditions because I think they prevail in abundance down in his own neighbourhood. And there are many of those conditions in the rest of Canada. But sympathy is not enough. It is going to take a great deal of daring on the minister's part. He is probably going to have to step away from those old conservative ideas which the former minister of reconstruction had; and he is going to have to be a little bit more liberal in his views and actions. I have great hopes that the present minister will do something to meet the situation. Time alone will tell.

Mr. W. Ross Thatcher (Moose Jaw): I had also intended, Mr. Speaker, to speak at some length tonight. In view of what has already been said, however, I shall restrict my remarks to about five minutes, and I shall keep to the resolution and to the statements which the minister made tonight. I feel that the minister took a step—true, it was a faltering and hesitant step; it was a cautious, and even ambiguous step; but it may have been a step.

Mr. Fleming: Forward or backward?

Mr. Thatcher: I hope it was forward. One had to examine his statement carefully, but I think the step he took was a forward one. It seems to me that in this debate on the resolution, and on the bill when it comes up for discussion, we must keep one fact in mind, namely, that in 1945, according to the government's own advisory committee, there was a shortage of 750,000 homes; and that, according to the statement the minister made some weeks ago, approximately the same shortage still exists. In other words, little progress has been made in meeting the backlog.

I assume that the statement which the minister made today, and the resolution that he has placed before us, is the government's answer to the housing problem. I think it is fair for hon. members tonight to ask themselves and to ask the minister this question: Does this resolution, or does the bill which is to be introduced, offer any tangible solution to the housing problem which is facing us? I hope it does, but from the minister's language tonight I am not quite sure. For instance, the minister said:

> The legislation which we intend to introduce is of an enabling character . . . We have no knowledge of the extent to which provincial governments will participate in arrangements contemplated by the legislation . . .

What does that mean? Does it not mean that before any action on housing can be taken the various provincial legislatures will have to be called together? That may be four, five or six months from now. Then if any action is to be taken, each of those legislatures must approve and give leadership. In other words, the minister is leaving the prime responsibility up to the various provincial governments; and it looks to me—although I may be wrong—as though action might not be taken until late next spring, if ever, because some of the provincial governments may not be financially able, or may not desire, to take such action on housing.

Exactly what is the government proposing in this resolution? I think there are two main proposals. First of all, the minister is proposing in effect that the down payment should be cut in half. I want to say at once that I think many citizens will welcome this step because formerly they found it difficult to finance the down payment. But the lower down payment is going to mean higher carrying or interest charges, and in the final analysis it is also going to mean a higher cost to the purchaser. The lower down payment simply means a higher mortgage, and many Canadians today cannot even handle the mortgage charges which national housing has at the present time.

Then there is this additional factor, as I understand it, in the province of Ontario. I understand that Premier Frost and his government have for some time carried second mortgages.

Mr. Fleming: For two and a half years.

Mr. Thatcher: If I have read newspaper reports correctly, Premier Frost is now suggesting that, when this legislation goes through, the Ontario government will discontinue the practice of carrying second mortgages. What does this mean? It means that the average citizen in Ontario, which is the most populous province of Canada, and the province where the housing situation is most acute, is not going to be any better off with regard to the down payment than he was before. What the federal government is taking over, the Ontario government is leaving off. I therefore suggest that one of the main proposals of this resolution may not be effective. The second major proposition which the minister suggests is this. He says:

> The arrangements provide that if any proposed project is deemed to be reasonable, the dominion will be prepared to proceed with the provinces in land assembly, the building of houses for sale, and the erection of rental housing either on an economic or a subsidized basis.

I was pleased tonight to hear the minister, and through him the government, at last use the word "subsidized". I hope it means what it purports to mean. I hope that the government really is anxious to do something about subsidized housing; although, as I said when I started, the phrasing is so ambiguous that it is hard to tell. I do not know whether

the legislation which the minister is contemplating is going to mean a great many more houses for Canada. Certainly the minister was rather dubious on September 21 when he introduced the legislation. As he is reported at page 121 of *Hansard*, he said:

> No one can estimate the amount of additional housing which these proposals will create.

Then he went on to say:

> The measures proposed today should be helpful.

I would think they should be or why would he be bringing them before the house? He goes on to say:

> They may have the effect of increasing the total number of completions.

They may have, he says. Was there ever such a lack of enthusiasm on the part of a minister when bringing in legislation to meet an acute and desperate problem? If there was, I have not seen it. The minister seems to be anything but enthusiastic. There was one other feature of the statement he made last September 21 which worried me a little. This is what he said about government policy:

> The policy as enunciated by the Minister of Reconstruction and Supply in 1946 is the keystone of our present policy; that is, the creation of conditions favourable to a large housing program by private individuals and companies.

In other words, although the minister admits that private enterprise from 1945 to 1949 has not been able to solve our housing problem, he says that government policy is still the same. I am a little concerned, then. Surely by this time we can see that, if this housing problem is to be met, private enterprise must at least be supplemented by government spending on a substantial scale. The C.C.F. group would suggest a three-point program for improving the acute housing shortage. First we suggest a large-scale program of subsidized low-rental housing. I might say, as was pointed out earlier this evening by the hon. member for Eglinton (Mr. Fleming), that we are not the only ones who have made such a proposal. The mayors association suggested it in 1947. The Canadian Legion suggested a similar program in 1948. The Canadian welfare council have proposed it. Many organizations have suggested low-rental subsidized housing on a substantial scale. I hope that the minister is prepared to embark on this type of housing but I am not sure—

Mr. Gibson (Comox-Alberni): Whose money would we use?

Mr. Thatcher: Partly federal government money.

Mr. Gibson (Comox-Alberni): I thought it was C.C.F. money.

Mr. Knowles: Many Liberal candidates suggested it.

[Mr. Thatcher.]

Mr. Thatcher: In the second place, I would suggest that private home building should be financed at interest rates of 2½ per cent or less. Even in the United States, private home building is financed in many cases at 2 per cent or less. In New Zealand about 30,000 homes have been built and financed at interest rates of 1 per cent or 1½ per cent. If New Zealand can do this I see no reason why Canada cannot do likewise. I believe the cost to the dominion government of borrowing money is between 2½ per cent and 3 per cent at the present time. Certainly the money should be lent at least at cost, and not at 4½ per cent as Central Mortgage and Housing are charging at the present time.

In the third place, Mr. Speaker, the C.C.F. group suggests that some genuine effort should be made to bring down construction costs. I think it is feasible that, by large-scale housing projects, construction costs could be reduced. The Canadian Congress of Labour suggested it the other day.

Mr. Cruickshank: Would you bring down the price of hardware?

Mr. Thatcher: Yes, bring that down also. I was interested to note a reply which the Minister of Reconstruction and Supply (Mr. Winters) gave, when he was asked to investigate the high cost of housing. According to the Canadian Press—and I quote the Montreal *Star*—the minister said this. The heading is:

> New Housing Inquiry Plea Rejected
> Winters Says Problem Closely Watched

How gratified those Canadians who have been living in two or three rooms since 1945 will be to note that the problem is being watched. We think that more effective action should be taken. Let me say that we welcome the steps which the minister has suggested tonight. They are the first tangible steps we have seen any member of the government take recently, but we do not feel that they are yet the answer to the housing problem which is facing this country.

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

Mr. Fleming: Some of us had hoped that the minister might make some reply to the remarks that have been uttered in the house tonight. He has not done so, and for that reason I take it that it is necessary to ask some of the questions that were indicated in the remarks of hon. members tonight. What policy is the government going to adopt in regard to rent control?

Mr. Winters: I am not in a position to enunciate government policy. That is a matter that will be announced in due course by the appropriate member of the government, one of my colleagues.

Mr. Fleming: Is the house, either at the resolution stage or at a later stage on the bill, not to be told what the government's policy is to be in regard to rent control? Are we to be expected to deal with apparently the one measure in regard to housing that the government intends to bring in at this session, legislation that is to have a direct bearing on the building of houses for rent, without having any indication given to us as to the policy, if any, of the government, in regard to the continuation of rent control? Everybody throughout the country is asking; what is the government's policy on rent control? Tenants are asking it; landlords are asking it; provincial governments are asking it; and this government maintains a sphinx-like silence. Are they to take the house into their confidence on this question?

Mr. Fournier (Hull): Does the hon. gentleman suggest that we hand back rent controls to the provinces?

Mr. Fleming: No, I do not suggest that, but if that is the policy the ministers are going to adopt I do suggest that they make up their minds, and tell the provinces so that the provinces will have some warning to take steps to meet the problem that will thus be created if this government fobs that problem back on them. If this is what the dominion government is going to do, let them make up their minds and say so. It will be a bad enough situation when it arises. If the government is going to throw that problem back on the provinces the very least they can do is to give the provinces some warning of it.

What kind of treatment is this to give to the House of Commons, Mr. Chairman? Here is the one chance we have had this year to talk about housing. Here is the one measure that the government brings forward for action by the house, and we are not to be told what the policy of the government is in regard to the continuation of rent control. Surely that is treating the House of Commons with a measure of disdain and contempt to which it should not submit.

Mr. Fournier (Maisonneuve-Rosemont): There are half a dozen ways of asking the same question which has already received a proper answer.

Mr. Fraser: What is a proper answer?

Mr. Fournier (Maisonneuve-Rosemont): It will be announced in due course.

Mr. Fraser: That is the kind of answer we generally get to all our questions.

Mr. Fournier (Maisonneuve-Rosemont): We cannot rely on your questions.

Mr. Johnston: In his statement on September 21 the minister said that they were planning to co-operate with the provinces. He suggested that possibly some of the provinces might not see fit to co-operate with the government in the proposed legislation. What will be the position of the dominion government in regard to those provinces that do not co-operate with this new plan?

Mr. Winters: I do not think I should be put in the position of anticipating what anybody might do with respect to this legislation. When I made my statement on September 21 I said that all the provinces, that is, the appropriate ministers with whom I spoke, were co-operative and that they all viewed the problem as a serious one. While I have no assurance about what they will do with respect to this enabling legislation I am hopeful that all the provinces who have a problem will take advantage of this legislation. Some of them have already indicated that they would. There are others who have given no indication one way or the other. All we can do at this stage is wait and see what happens.

Mr. Graydon: During the minister's discussion with the provincial premiers was rent control discussed?

Mr. Winters: My answer to that must be that it was not discussed officially, because at all times I was obliged to take the position that I take here tonight, namely, that I am not responsible for problems of rent control.

Mr. Graydon: I take it there was some talk on it.

Mr. Rooney: In listening to the remarks of the hon. member for Eglinton tonight I made some notes. One of the main points was that he suggested the setting up of a research department to study building costs. Is it not a fact that the minister is doing this work under the research department of the Central Mortgage and Housing Corporation? If I remember correctly, $5 million was allotted for that work.

Mr. Winters: That is right. Under section 27A, part V of the act, there is an amount allotted not to exceed $5 million to cover cost of research, including research into building costs. So far, since the act came into effect approximately $1,250,000 has been spent for research purposes.

Mr. Johnston: Of what does the research consist?

Mr. Winters: It is set out in part V of the act, which is a long part. I would suggest, with due respect, that hon. members look it up. There is ample opportunity to read it.

Mr. Fleming: I am glad the hon. member for St. Paul's has raised this point, because it has just exposed the fact that there has not been

behind the administration of this act the drive it requires. I should add for the information of the hon. member that I did not advocate the setting up of a research department; I did not use the word "department" at all. I advocated intensive research, but hon. members will see that we have not been getting it. Provision was made for $5 million in 1945, I believe it was, and we see how little drive there has been behind research in that period of time, when only a fraction of that sum has been spent.

A moment ago the minister completed one of his answers with the characteristic words "wait and see". We are getting tired of that in the House of Commons. I am tired of being asked to wait and see in connection with this matter of rent control. I cannot get an answer from the minister. He says—

The Deputy Chairman: I am sorry to interrupt the hon. member, but he has had ample opportunity to ask questions of the minister. The minister has already stated that this is a matter of government policy which will be announced in due course. The hon. member should be satisfied with the answer.

Some hon. Members: No.

The Deputy Chairman: If he is not, then I do not think the resolution now before the committee calls for any announcement on rental control. As it states, the resolution before the committee deals with amending the National Housing Act, and I must ask the hon. member to confine his remarks to that resolution.

Mr. Fleming: Mr. Chairman, I have two things to say in reply to your statement: First, I am not satisfied—and let me make that clear. You suggest I should be satisfied, and I say I am not. And further, I do not see how anyone can be. In the second place, I say this—and let the minister deny it if he will; let him stand in his place and deny it—that we cannot discuss a resolution of this kind which contemplates a measure of assistance in respect of house-building and renting without knowing what the government's policy, if any, is in regard to rent control. Those two things cannot be separated; it is not possible to do so.

I turn elsewhere in the house. Perhaps someone else might be able to supply the information, if the minister is not prepared to do so. For instance, we have in the house this evening Liberal members from Toronto —but they have not participated in the debate tonight. I am sorry they have not. For instance, I had hoped—

An hon. Member: Give them a chance.

Mr. Fleming: They say they cannot, do they? Are there restrictions? Are their mouths stopped by the government? They have had ample opportunity tonight, if they had wanted to rise in their places and speak. These are the members who last spring were so full of determination to beat the housing problem! Yes, they were going to have it beaten before the snow flies—and we are told we are going to have snowflurries tomorrow. Yet the housing problem is still with us.

Mr. Cruickshank: We are getting a lot of wind tonight.

Mr. Fleming: The hon. member for Rosedale sent out a letter recently to members of the House of Commons asking them to bring forward evidence respecting the necessity for continuing rent controls. I should think this should be an appropriate opportunity for him to address the committee on the subject. Then, there is the hon. member for Spadina, who had a good deal to say about housing during the election campaign. The government was going to do great things! Then, at a conference between members of the Liberal party and the mayor of Toronto about two months ago the hon. member for Spadina, speaking on behalf of the assembled Liberal members, assured the mayor that the government was going to carry out its promise, and that we were going to have housing.

The Deputy Chairman: Order. I cannot permit the hon. member to go on like this, with that—

An hon. Member: Stuff.

The Deputy Chairman: —sort of speech. The hon. member should ask the minister his questions, or speak to the resolution before the committee. I must ask him to return to the subject matter of the resolution, and not to deal with matters completely extraneous to it.

Mr. Fleming: Mr. Chairman, I am talking about housing. Is not this resolution one which concerns housing?

The Deputy Chairman: If the hon. member would talk about housing it would be quite in order.

Mr. Fleming: I affirm that it is in order for members to discuss promises made before the election, in which they stated what they were going to do in the House of Commons, if elected, to improve the housing problem. Surely this resolution relates to the housing problem.

I would like to know what my hon. friend from St. Paul's has to say on this subject tonight. He has a very serious housing problem in his riding—a very serious one. I had hoped the hon. member would take the opportunity to say something about housing in his riding,—

An hon. Member: Give him a chance.

Mr. Fleming: —and how this government is failing to meet it.

Mr. Fournier (Hull): Carried.

The Deputy Chairman: Is the resolution carried?

Mr. Fleming: No.

Mr. Cruickshank: Are you the chairman?

Mr. Fraser: The hon. member for St. Paul's was on his feet. After him I wish to speak.

Mr. Fleming: I sat down because I thought the hon. member for St. Paul's had something to say.

The Deputy Chairman: Has the hon. member for Eglinton completed his remarks, or is he acceding to the request of the hon. member for St. Paul's to address a question?

Mr. Fleming: I thought the hon. member was rising to speak and I sat down to permit him to do so.

An hon. Member: What courtesy!

Mr. Fleming: Has he a question?

Mr. Fraser: He can't say anything. You have stopped him.

Mr. Fournier (Hull): Go on with your speech, if you have something to say.

The Deputy Chairman: Order.

Mr. Fleming: Surely this is the time for those to whom I have referred, and others who are familiar with housing conditions in their ridings, to stand in their places in the House of Commons and demand effective action. If the action they deem necessary to meet housing conditions in their riding includes the continuation of rent control beyond March 31, then let them rise and say so. This is their opportunity.

Mr. Fournier (Hull): What a lecture!

Mr. Henry: Speaking as one from Toronto, we are perfectly satisfied that we are getting action.

Mr. Fleming: Does that include rent control?

The Deputy Chairman: The hon. member for Peterborough West has the floor.

Mr. Fraser: I should like to ask the minister a question as to who is allowed to buy or rent a house from Central Mortgage and Housing Corporation. There seems to be some difference in different sections where these houses are put up. I know of veterans who served overseas for five years, who have had their names in from one to three years or more, and who have not yet received houses. These are veterans with two or more children. Still they have not houses, while others who have come from outside have been given them. That does not seem right.

I have complained to Central Mortgage and Housing Corporation in my own constituency and also here in Ottawa, but have received no satisfaction. There should be provision for the veterans. I have in mind one case where the veteran has had his application in for two or three years, and has been refused a house. He has been told that he will have to go to the wartime prices and trade board and get a notice from them saying that he has to get out of the house he is in. Despite the fact that Central Mortgage knows that he has had notice from his landlord to get out, they say that he must get this notice from the wartime prices and trade board. Must veterans be put out on the street before they can obtain these houses? It looks to me as though there is a lot of favouritism going on, and the veterans feel that way also. Can the minister tell the committee what the regulations are in regard to this matter and if they are the same throughout Canada?

Mr. Winters: There is a point-rating system which has been carried on throughout this entire operation and which is subject to close scrutiny by the Canadian Legion. So far as I know, this system is acceptable to the Legion and I have yet to hear of an instance where the Legion has said that there has been discrimination against any veteran. This point-rating system takes into consideration a man's service overseas, the number of children he has, the type of accommodation in which he is living, the length of time he has been in the district and other factors. Every effort is made to administer this system fairly in the interests of all concerned.

It is understandable that there will be those who feel that they have a high classification in one category, but when the over-all picture is viewed it is found that some other veteran has prior right to a vacant rental house. As I say, it has been administered fairly and I believe that belief is held by the Legion.

Mr. Fraser: Does the minister feel that an outsider should get a house before a man who enlisted from the district? I do not think that is right.

Mr. Winters: Other things being equal, I do not think it is fair.

Mr. Shaw: Is there any way by which inspections can be speeded up? I know of a number of houses where the completion was held up unnecessarily for a period of weeks because the necessary inspections were not made. The individual owner was

not in position to make the payments necessary to carry on. I know of cases where it has taken twice the normal period to complete the houses that it would have taken had the builders been allowed to carry on with an unbroken continuity.

Mr. Winters: I presume the hon. member is referring to houses built under joint loans by Central Mortgage and Housing Corporation and a lending institution. Under that arrangement the inspection is the responsibility of the lending institution. We have been trying to impress upon them the necessity of adequate and prompt inspection and are hopeful that we are coming closer to getting that.

Mr. Graydon: Does the research department of Central Mortgage and Housing Corporation collect data on the need of houses in various parts of Canada? I ask that question in order to ascertain if the information is available should hon. members desire it.

Mr. Winters: The research department of Central Mortgage and Housing Corporation carries on studies on a dominion-wide and area basis.

Mr. Noseworthy: Is Central Mortgage taking any steps to prevent a repetition of the Pelmo Park incident?

Mr. Winters: The project referred to by the hon. member is somewhat the same as the one referred to by the hon. member for Bow River. In that case the arrangements made were the normal arrangements that would be made between an ordinary purchaser and a lending institution, although part of the money involved is federal government money.

Mr. Johnston: The minister's answer sounds all right on the surface, but as an actual fact there is not a great deal of relationship between the purchaser and the lending institution. Alterations are actually made in a house after the purchaser has signed the agreement with the mortgage company. The only thing in the form of a contract between any of the parties is the agreement entered into with Central Mortgage and Housing.

The minister says that this is the normal relationship between the purchaser and the lending institution, but as a matter of fact there is very little relationship as far as the purchaser is concerned. The initial work is between Central Mortgage and Housing, the lending institution and the contractor, and in some cases the house is started before the purchaser buys it. With conditions like that existing, I do not think the minister's answer is applicable to the question asked.

[Mr. Shaw.]

Mr. Fleming: Will the minister table the correspondence with the premiers on this subject?

Mr. Winters: I shall be glad to table that correspondence subject to the usual reservation that we shall obtain permission from the provinces.

Mr. Fleming: Will the minister indicate the policy under this measure in regard to payments to the municipalities in lieu of taxes?

Mr. Winters: As I stated on September 21, we will pay grants in lieu of taxes on the basis of the normal level of taxes in the particular municipality, subject to approval by the provincial department of municipal affairs or the equivalent department.

Mr. Browne (St. John's West): Will any definite arrangements be made with the Newfoundland government under this resolution to provide for the clearance of slum areas in St. John's and the building of five hundred houses, according to statements that have been made?

Mr. Winters: The bill that will be founded on this resolution will apply equally to Newfoundland. I think the hon. member is referring to operations that would be carried on under the slum clearance section of the present act. There is no reference to that section in the resolution.

Mr. Browne (St. John's West): That would be under the present act.

Mr. Winters: Under the present act.

Resolution reported, read the second time and concurred in.

Mr. Winters thereupon moved for leave to introduce Bill No. 142, to amend the National Housing Act, 1944.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull) moved the adjournment of the house.

He said: Tomorrow we will resume the debate on the budget.

Mr. Graydon: And if we finish?

Mr. Fournier (Hull): We will try to get into supply and call one item in external affairs.

It being five minutes after eleven o'clock, the house adjourned, without question put, pursuant to standing order.

Appendix

BRITISH NORTH AMERICA ACT—PROCEDURE IN AMENDMENTS

FURTHER CORRESPONDENCE WITH PREMIERS OF PROVINCES

Office of the Prime Minister
Province of Quebec

Quebec, October 26, 1949

The Right Honourable Louis S. St. Laurent,
Prime Minister of Canada,
Ottawa.

Mr. Prime Minister:

I have submitted today to my colleagues of the executive council of the province the letter which you forwarded to me under date of October 21 and which I have received Monday morning the 24th.

In your letter you say:

"It seems to me that we have both made our positions very clear and that it would not serve any useful purpose to continue our correspondence until such time as we are in a position to extend invitations to the provincial governments to confer with us on this subject."

Indubitably our respective positions have been made "very clear" The government of the province of Quebec reiterates the statements made in the letters which I sent you under date of September 21st last and October 5th and 19th instant.

As you are no doubt aware, our legislature usually undertakes in January to give consideration to the very important measures on the program of our annual session. Will you kindly let me know when the Canadian intergovernmental conference which you propose to call in order to deal with constitutional matters is to be held?

This information is necessary to us, and we should like to have it as soon as possible.

Yours sincerely,

M. L. Duplessis

Office of the Prime Minister
Canada

Ottawa, October 29, 1949

Hon. Maurice L. Duplessis, M.L.A.,
Premier of Quebec,
Quebec, Que.

My dear Premier:

I have submitted your letter of the 26th instant to my colleagues in the government and we feel that it would be desirable to hold the proposed dominion-provincial conference to consider a method of amending the constitution in Canada early in the new year.

Since other provincial governments, like the government of Quebec, will no doubt wish to make plans for their legislative sessions, I am writing today to the premiers of all the provinces suggesting that the conference begin its sessions on Tuesday, January 10, 1950, if that date appears to be generally convenient.

I should be pleased to have your views on this point.

Yours sincerely,

Louis S. St. Laurent

THE FOLLOWING IS THE TEXT OF A LETTER SENT TO ALL PROVINCIAL PREMIERS WITH THE EXCEPTION OF THE PREMIER OF QUEBEC:

Office of the Prime Minister
Canada

Ottawa, October 29, 1949

My dear Premier:

I have received a letter from the premier of Quebec inquiring as to the date proposed for the dominion-provincial conference to consider a method of amending the constitution in Canada.

I have replied today to Mr. Duplessis suggesting that the conference begin its sessions on Tuesday, January 10, 1950, if that date appears to be generally convenient.

I should be pleased to have your views on this point.

Yours sincerely,

Louis S. St. Laurent

HOUSE OF COMMONS

Tuesday, November 1, 1949

The house met at three o'clock.

ROYAL CANADIAN NAVY

REPORT OF COMMISSION APPOINTED TO INVESTIGATE INCIDENTS ON CERTAIN SHIPS AND OTHER RELATED MATTERS

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, following disciplinary troubles on several of the ships of the Royal Canadian Navy, I appointed a commission to investigate and report on the causes of these incidents and other related matters. The commission consisted of Rear Admiral E. R. Mainguy, O.B.E., chairman; Mr. L. W. Brockington, C.M.G., K.C., and Mr. Louis C. Audette, members. I believe everyone will agree that the reputations and personalities of the members of the commission created respect and inspired confidence.

The commission has made its report, and its recommendations are being examined. As the report itself points out, several of its recommendations had already been carried out before the report was made, and many others are well on the way to being implemented. Although the report might be regarded as confidential, it has been decided that in this case the general interest would be served by making its contents public. As hon. members have expressed interest, it would probably meet the wish of the house if a copy of the report were tabled.

I should like to take this opportunity of expressing warmest appreciation to the members of the inquiry. Each of the three members brought to this task outstanding qualifications. The report is a highly constructive and useful document of general interest, and it will be of great value in the work of developing the navy on sound lines. Its findings should prove invaluable in furthering the great reputation and traditions of the Canadian navy, earned so magnificently in time of war by its major contribution to victory at sea.

TRADE

CONSULTATION BETWEEN CANADIAN AND UNITED KINGDOM OFFICIALS

On the orders of the day:

Mr. G. K. Fraser (Peterborough West): I should like to direct a question to the Minister of Trade and Commerce and the Minister of Agriculture. As the deputy ministers of those two departments have recently returned from the United Kingdom following a conference, will either of the ministers state whether any new agreements or contracts are contemplated?

Right Hon. C. D. Howe (Minister of Trade and Commerce): The deputy ministers of trade and commerce and of agriculture went to the United Kingdom to place the views of this government before the officials of the corresponding departments in the United Kingdom. The government is now waiting to hear the views of the ministers on the representations that were made.

Mr. Fraser: When will the minister make a statement to the house?

BUSINESS OF THE HOUSE

ALBERTA NATURAL GAS COMPANY BILL—QUESTION AS TO REFERENCE TO COMMITTEE

Mr. T. L. Church (Broadview): The hour from eight to nine tonight is reserved for private bills, and I notice that, according to the order paper, item No. 49 will be considered tonight. This item reads as follows:

Resuming debate on the motion of Mr. Maybank for the second reading of Bill No. 66 (letter E of the Senate), intituled: "An act to incorporate Alberta Natural Gas Company."

Will this bill be referred to one of the standing committees of the house in order that they may make a detailed study of it? As I see it, the bill creates a huge franchise for the private promoters, and there is no control over rates. The Bell Telephone bill a few years ago was referred to a committee for detailed study, although it came from another place.

Right Hon. C. D. Howe (Minister of Trade and Commerce): It is my understanding that the bill will be referred to the appropriate committee of the House of Commons, which I believe is the committee on railways, canals and telegraph lines.

RADIO BROADCASTING

INQUIRY AS TO ABOLITION OF RECEIVING LICENCE FEE

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I should like to direct a question to the Minister of National Revenue. Some announcements have been made outside the

house by private members supporting the government to the effect that the licence fee for receiving sets is to be done away with next year. Is that correct?

Hon. J. J. McCann (Minister of National Revenue): I have no information, Mr. Speaker, except what I have seen in the papers. Persons who make statements of that kind do so entirely on their own responsibility.

Mr. Graydon: In other words, they are talking through their hats.

Mr. Diefenbaker: Is it the intention of the government to set up the radio committee at the present session, so that we can find out?

Mr. Speaker: Orders of the day.

Mr. Graydon: No; there is a question to be answered.

Right Hon. L. S. St. Laurent (Prime Minister): Possibly I should answer that question. When it becomes the intention of the government to set up a radio committee, an announcement will be made in the house.

Mr. Diefenbaker: May I say to the Prime Minister that private members should not announce radio policy outside of this parliament.

Mr. St. Laurent: It may perhaps be the privilege of the hon. member for Lake Centre to lecture other private members; it is not mine.

Some hon. Members: Hear, hear.

Mr. Graydon: If you applaud that, you will applaud anything.

Mr. Cruickshank: Get a new leader.

PUBLIC SERVICE

REQUEST FOR IMPROVED PARKING FACILITIES IN OTTAWA

On the orders of the day:

Mr. G. K. Fraser (Peterborough West): I should like to direct a question to the Minister of Public Works. Owing to the scarcity of parking space for civil servants and employees of the government, would it be possible to use the excavated dirt and other material that is being taken from the site of the new veterans affairs building and use it at the back of the confederation building to make parking space, instead of hauling all this material over to Hull?

Mr. Cruickshank: That is the best one you have asked yet; that is sensible.

Mr. Smith (Calgary West): Lots of dirt.

Hon. Alphonse Fournier (Minister of Public Works): It may be possible to comply with the request made by the hon. member; but having received no notice of his question, I shall have to look into the matter further and give a proper answer later during the session.

UNITED NATIONS

REFERENCE TO PRESS REPORT OF ADDRESS OF MR. MARTIN AT LAKE SUCCESS

On the orders of the day:

Mr. T. L. Church (Broadview): Has the attention of the government been called to the report in this morning's Ottawa *Citizen* of a speech made yesterday by the Minister of National Health and Welfare (Mr. Martin), who is second in command of the Canadian delegation to the United Nations at Lake Success? Speaking to students of the university of Montreal international relations club, who were visiting United Nations headquarters at Lake Success, the minister said that the United Nations "will gradually assume legislative character," and that "the International Court of Justice will assume responsibilities similar to those held by national supreme courts." Does this represent government policy, or not?

Right Hon. L. S. St. Laurent (Prime Minister): I am sorry, Mr. Speaker, but though I did my best, I could not hear the hon. member's question. I shall have to read it in *Hansard*, and then I will attempt to give him an answer.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Wednesday, October 25, 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. Rowe, and the amendment to the amendment of Mr. Thatcher.

Mr. A. L. Smith (Calgary West): I intend, Mr. Speaker, to discuss the question of oil in Canada, its history, its growth, and finally its markets. I want to make it plain that I am speaking entirely on my own, because on the question of markets I know I shall be in disagreement with many members of the house, and perhaps even with members of my own party.

But before proceeding to do this, conscious as I am of the latitude which I have in the budget debate, I want to pay a well-deserved tribute to some men whom I do not know. In the newspapers last week I noticed a report that two old friends of mine had been elected to the hockey hall of fame. The

trustees, or whoever control that organization, must be fairly old, because they have elected as one of their executives Mr. Donald H. Bain, of Winnipeg, familiarly known as Don Bain. In the days when I was a boy he was the greatest hockey player that western Canada ever produced. He then formed the Winnipeg skating club, and today at seventy-five he is one of the best figure skaters in Canada. The other man who was elected is an old friend and opponent of mine, Mr. Art Ross, of the Boston club. I can assure you, sir, that he was the fastest stick man I ever came in contact with. He has done much for the present game. The net that is now used in hockey games was an invention of his.

Having spread this kind of oil, probably I had better turn to the oil in the province of Alberta with which it is my intention particularly to deal. It is only in recent years that oil production in Alberta has been quite active, but the history of it goes back fifty years, to two old-timers, Lafayette French and Kootenay Brown. Near Pincher creek they found some Indians around a slough. They were skimming from it an oily substance which they were using internally as a purgative and rubbing on their old and withered joints to loosen them up. These men drilled a shallow well from which nothing came; but it will be remembered that that well was on the site on which the Gulf Oil Company have now discovered what is easily the largest wet gas field ever discovered in Canada, and perhaps the largest ever discovered in the world.

In 1914 a company which had been organized locally drilled in the Turner valley. They went down to only 2,700 feet, because in the banks of the Sheep river was a seepage of gas. The promoter of that little company was the smartest man I knew then, because he took greenhorns there to look into the oil situation, shoved a stick into the ground on the edge of the river, lit the gas flare with a match, and fried a couple of eggs. That was his first step in the promotion of this company. It is a well known fact that in the early days of the round-up on this particular seepage the old cow hands did their cooking without the aid of wood or other fuel of the kind.

Later a company incorporated in Calgary found oil near this same Sheep river. They drilled to 2,700 feet and found oil and gas in what became known as the Dalhousie sand. A few years later a local company, now known as the Royalite company—it was local capital—with the assistance of Imperial Oil, which owned Royalite, drilled a well and found wet gas. So far as we in southern Alberta were concerned they found it just in time, because we were running out of natural gas. For years, from this old No. 4 Royalite well, that whole southern area was supplied with gas. It was a wet gas—which simply means a gas holding a liquid in solution. After the liquid was removed it was known as a white product. In other words, it was as colourless as the purest water you can find. We are still getting some of the white product from that area.

In 1924, I think it was, Bob Brown and George Bell went down the flank, as they said; and that was the first discovery of crude oil in western Canada. That field reached its peak in 1942, when it produced 30,000 barrels a day. From that discovery the field has already yielded 100 million barrels of crude oil and 1,500 billion cubic feet of gas. I do not know what these tremendous figures mean. A ten-dollar bill is the limit of my thinking in a financial way. I have difficulty in understanding millions and billions.

That field is now pretty well gone. It is estimated to hold 25 million barrels of oil and 500 billion feet of gas. The house might be interested in knowing just what the operation is down there now. Up at the top the first well was drilled to roughly 6,000 feet. There gas was found. Brown went down the slope and found crude oil. Other people have gone further down the slope and have found salt water, which is not much good to anyone. The point is that in order to get your oil to the surface, gas is your major if not your only motive power. What they try to do is to hit that crude oil by going down from the top. Remember, the surface of the ground is all level; what I am speaking of is in the rock underneath. There they found what is called Madison limestone, and it contained crude oil and gas. Therefore you see mother nature working. There is salt water at the bottom, oil next, and above that the lighter material, shall I say, in specific gravity; this is at the top. It is put there at a pressure of perhaps 2,000 pounds to the square inch. Therefore with the gas pressing on the oil on top, and the water pushing from the bottom, up the pipe comes the oil, and that is how they get it up. It is later refined into gasoline. That is the standard way in which all oil comes to the surface. Of course when the motive power is gone you can put it on the pump and make a considerable recovery in that way.

Perhaps ninety per cent of the oil wells in California are now pumping in the old way. It is the same principle as the operation of your water pump at home, but on a larger scale; and it is operated by a walking beam which simply goes up and down. It is

the same walking beam which drills the hole. In other words, in the old days all holes were drilled by what were called standard tools or standard equipment. This simply means that you have a great long piece of sharpened steel—and when I say sharpened I do not want hon. members to think of a knife; it is wrinkled as it were on the end, and it pounds, pounds on the rock. That is the way all oil wells were drilled prior to the discovery of the rotary machine, which simply means that you have what is called a rotary table put in, and your works above, and that spins the pipe in the centre, called the drill pipe. At the end of the drill pipe away down you have what is known as a bit, and it whirls away and grinds up the rock rather than simply pound, pound. It is infinitely faster. Now that they have caught up with their equipment I do not know of any standard rigs that are working in the oil fields in the province of Alberta to get the oil to the surface.

Then they put on what we call a Smith separator. I may say, Mr. Speaker, that it is not named after me. The principle is very simple. It is by the quick expansion of this gas that the liquid is thrown out. It goes down into the bottom of the separator, while gas comes out the top. The gas which is expelled, still containing some oil, is then taken to what is called an absorption plant. That plant takes the remaining liquid from the gas, and it too is a white product or distillate. That gas then goes to what is called a scrubbing plant, where the sulphur is scrubbed out of it. The gas in that area is not sweet; it is sulphurous. By this treatment the sulphur is removed from the gas, which is now dry. It then goes into the pipe line on to Calgary or other points. But it cannot all be used. They pipe it back into the ground with the remaining oil, by the use of compressors, and then it serves two purposes: it maintains the motive power in the ground to lift the oil, and it also is the cheapest storage you can get in order to use it again. Then it comes back to the city of Calgary to be burned in furnaces.

I may say, sir, that I built my first house in Calgary in 1912, and although we live on a coal bed, I have never since burned a pound of coal for cooking or heating or anything of that kind.

After that an intensive search was carried out, but it was all on the eastern slope of the rockies, either in the foothills or in the eastern mountains themselves. To give you an idea of costs, sir, there is one hole that was drilled sixty miles north of Jasper, in connection with which a company, or several companies joining in drilling the one hole, spent $1,250,000 cash and got nothing. I mention that to show the cost of drilling wells.

[Mr. Smith (Calgary West).]

Gulf Oil drilled down in the Pincher creek area at this great cost, and discovered two wells. Both are between 12,000 and 13,000 feet deep—over two and a half miles. Both cost over $1 million. Therefore I say—and this is fairly good proof of it—that people who hazard capital in this way are entitled to a good return in the mining business; they regard oil as a mining business, and so do I.

In the meantime a comparatively new instrument has come into use; I refer to the seismograph. It is the instrument that is used to record an earthquake in Turkey, for instance, or in the middle of the Pacific ocean, or the Argentine, or some other place. But in oil operations it is used in a different way.

Science has advanced this business very appreciably and very fast. You have a seismograph crew who go out with a small derrick on the back of a truck, and you drill down to bedrock. In most parts of Alberta that is not very far. Then down that hole you put a charge of dynamite. You explode the charge; and on your instrument, which perhaps will be a couple of hundred yards away—it is an electrical affair—you find that the noise of the charge striking the various strata of rock has been recorded. The result is that you know roughly where the Devonian limestone is. That is where our production comes from now. With this instrument the prospector can record to a matter of two or three inches, for a mile deep in the earth, the depth of the rock they are looking for. Then they will go out laterally, and in that way they can find whether the Devonian is deeper there or at some other point. It will be kept in mind that the surface is flat. They find whether the Devonian is deeper, or higher. If it is higher, they keep going that way, because they are looking for what they call a "high", because the oil and gas, the lighter products, will be at the highest place in whatever structure you have below.

So they keep going in various directions until they will say, "Here is a structure where the high is so-and-so. We have taken it so many miles. There is the low; that is probably where you will get your water." Then you drill. You get something, because that is a rock which has small interstices in it, and it will hold something—it may be salt water, or it may be oil. If it is oil you are in luck; if it is salt water, you are out of luck. But you do know you have been drilling toward a basin or container which may contain oil.

Today, therefore, all the large United States companies are in there with seismograph crews, and many Canadian companies are doing the same thing. Some people think we are giving our birthright away to the United States. I noticed a few days ago in

a Calgary paper that the Calgary firm of Tanner Brothers paid something over $980,000 to the provincial government for one quarter-section of land. That is Canadian money; it has no reference to any big shots from the United States who go in there. This represents the highest price ever paid for so-called oil lands in that area.

Perhaps I should now say something I had intended to say later. The provincial government get that money in cash, as a bonus for signing the lease. They also get, for the lifetime of the use of the property, a dollar an acre in rental. They get 12½ per cent gross out of everything produced from that land. So that the province of Alberta is not going to go broke so long as we have a continuation of discoveries anywhere within range of the base which has been set from time to time.

I should like to go back to the question of discovery. The Leduc field was discovered in 1947. It will be recalled that up to that time we had what might be described as showings of oil, some of which were perhaps slightly commercial, in various parts of the country. This indicated that the discovery of oil was moving north. Leduc is twenty miles from Edmonton, and now there are many people in the world who know where Edmonton is but who, before the discovery at Leduc, did not know that Edmonton was even a place on the map.

This is the centre of the discoveries now being made, and it has proved to be a very large commercial field. It was the discovery of Leduc by Imperial Oil which caused them to sell their ownership of the company which operated under the name of International Petroleum, in order to get development money for this Alberta situation. This they did to an extent somewhere in the neighbourhood of $90 million.

This development has gone on. The drilling at Leduc is comparatively shallow—roughly a mile. If hon. members will just think of a mile in distance they will understand fairly well where production is coming from at the present time. Then they found this bend in the Saskatchewan river just west of Edmonton. They went on north and east some forty or fifty miles and found Redwater. Since then they have made a number of discoveries. For instance, Golden Spike has the largest depth of saturated sand that has yet been found in Alberta, and I believe almost as large as any which has been found in any part of this continent.

Hon. members will see that the situation is now looking up. I should like to mention one field discovered since we came to Ottawa to attend this session. I refer to the Normandville field, which is about thirty miles south of Peace river, in the constituency of the hon. member for Peace River (Mr. Low). This field is away by itself; there is nothing near it, and it is brand new. By the amount of porosity that is indicated—and porosity is simply another way of referring to the interstices in the rock in which of course the oil is found—the prospect would look good for this discovery. It has good porosity; and the tests already made would seem to indicate that it should go to at least a thousand barrels a day. The wells to which I have been referring are thousand-barrel wells.

The oil people have learned, as other people have learned, that there is only so much beer in a barrel. You can turn a beer barrel upside down and take the beer all out, but you cannot turn an oil field upside down and get all the oil out. In fact it is considered an excellent recovery in any oil field to get 60 per cent of the oil that is there. So these wells are operated on what is known as oil-gas ratio, or gas-oil ratio, whereby they will have the longest life, and whereby this motive power will not be drained away quickly, leaving too much oil underground. This oil, of course, will never be recovered once the motive power is gone.

Today Alberta is producing about 70,000 barrels of oil a day. Someone may ask: How much is that? Well, it is enough to supply western Canada. When I say that I am not including British Columbia, I refer only to the three prairie provinces. Strangely enough the prairie provinces consume more than what one would normally expect to be their share, judging by population. But they absorb more per man than any other part of Canada, owing to the fact that in those provinces farming has become so completely mechanized. It is not the motor cars and trucks which use these large quantities; it is the farm machinery which uses the greater part of it.

The oil is taken from the ground, and is of no use to anyone in its natural state. It is of different gravities; I think the correct term is "Baume". The higher the degree your measuring apparatus indicates is, the more light oil there is in it and therefore more gasoline and less of the heavy ends or heavy products which are not nearly as valuable and which today are a drug on some markets close to the refineries in western Canada.

What is refining? It is a matter of heat. I know they have done excellent things and made many improvements, but refining simply means to take the crude oil and heat it to a certain degree when it begins to give off a gas. That gas is separated and you obtain lighter or more volatile products. One of the top products now obtained is propane.

I am sure the farmers of Alberta were glad when they began to bottle this propane gas under pressure a couple of years ago. It is now used in hundreds and hundreds of farmsteads in Alberta. I speak with positive knowledge of that province, but I understand that a good deal is used in Saskatchewan as well. Instead of the farm wife having to get out the poker to stir up the coals and bring in some more wood to burn, she simply turns a tap the same as a housewife in Ottawa would if she is burning gas. It is not particularly expensive, and, with normal use, one bottle will last a small household for a couple of months.

You increase your temperature and you obtain other things, including gasoline, the most valuable product that we have. As you go higher and higher you get your distillates and diesel and fuel oils. Last of all you get down to the road oil, and if your crude has an asphaltic base you get quite a lot of almost pure asphalt. This is not much good to you, because there is no market available near the refineries.

In other words this process is similar to that carried out with the old copper still. A man would get his mash ready and go into the bush. He would light his fire, cook his mash, and run the vapour through the little curlicue and produce a product which perhaps many of you have drunk as bootleg whiskey. That is exactly the same process as is carried out in an oil refinery.

How are we fixed for refineries? Two have been operating in Calgary for some years, and they have proved to be a good investment. British American Oil have one in Moose Jaw, and Imperial Oil have one in Regina. There is a small co-operative plant at that place, which incidentally has gone into the production of oil, as they have several producing wells in Alberta. In Brandon there is a fair-sized one; in Winnipeg there is a small one, although this is known as a skimming plant which in the true sense of the word is not a refinery. Then there is one in Edmonton, and McColl-Frontenac are building a second refinery there.

Hon. members might be interested in the history of the Imperial refinery in Edmonton. It was first erected at Corpus Christi on the gulf of Mexico. It was then moved to Whitehorse. Hon. members will remember that during the war the United States put a pipe line across the mountains from Norman Wells to Whitehorse, and this refinery was moved up there to refine the crude oil to meet the needs of the army. After the war that pipe line was junked and Imperial Oil bought the refinery and moved it by truck 1,600 miles down the Alaska highway to Edmonton. They re-erected it there, and they di dnot have one piece of steel over. So this refinery has been moved from Corpus Christi to Whitehorse and finally to Edmonton, where many fine things from Calgary finally come to rest. They are now apparently robbing the north of what little they have.

What are we going to do with our oil? This is where I may be in disagreement with certain people. I have consulted the producers of oil in Alberta on this matter. I hope I shall not be out of order if I say a word or two about the pipe line from Edmonton to Gretna, Manitoba. I make the simple statement that I am all in favour of it. We in Alberta are looking for markets for our oil, and I am doing my best to represent here the interests of the people of Alberta.

I know that sound economics means that you must get your goods to the nearest available market. We are told that this oil could be sent to the Canadian head of the lakes for another $10 million, with a half million per year additional upkeep cost. I think those figures are right. I know all the arguments about having this Canadian product disposed of in Canada, and I am not going to repeat them. But if in the development of this field we can send our crude oil to nearby points in the United States while you people in the east are getting your oil to Sarnia from nearby fields; in other words if Alberta can achieve a balance in crude oil, then the Alberta oil industry will have made a greater contribution to the welfare of the Dominion of Canada than almost any other industry I can think of.

I am far from saying that this product should not be used in this country. I note that special Canadian tankers are being built to move the oil from Superior to Sarnia or other areas. If refineries are built where there are no markets for your finished product, you are bound to have the heavy ends as a drug on the market. There will be no use for them. The Lloydminster field on the border between Saskatchewan and Alberta produces a heavy grade of crude, but that field has suffered a terrible set-back. Why? They have no market for many of their products. The Husky Company have the refinery there, and while they obtain some lighter ends and some gasoline from their heavy crude, they are under a considerable handicap because there is no market for the heavier products.

Remember that oil will not flow all the time; it must be helped. You can readily see that if it is of the consistency of molasses, there will be certain mechanical difficulties in your way. I take a back seat to no one in believing that we should produce all the oil we can in this country, but I do not carry my patriotism or my sentimentality to the point where I contend that we should cripple

the sale of a product in competition with other products because with this all-Canadian scheme you are going to have an increase of two or three cents in the price. Who is going to pay it? There are only two sources from which the money can come, namely, the producers of the oil in Alberta, or the consumers wherever the gas may be sold. Referring to other forms of transportation, some may ask: Why not have the refinery in Alberta and ship by rail? But the cost of transportation by rail is at least 150 per cent more than the cost by pipe line.

It must be remembered, however, that you cannot send all these different products through the pipe line. Some of them simply will not go. Strangely enough, in the pipe line running from the Turner valley to the refinery in Calgary you can send crude oil, and then you can turn in the white product. It will travel in the same pipe line to Calgary, and the admixture of one with the other at the end of the line will not cover a matter of fifty feet in the twenty-five mile line. It is an amazing thing. It is done by controlling the pressure of the flow, thereby maintaining the consistency.

There is only one more thing that I wish to say about oil, and it has to do with the matter of foreign exchange. I have said that at the present time we are producing, refining and selling about 70,000 barrels of oil per day. Multiply that figure by roughly $3 and you have at least $200,000 a day that the people of Canada as a whole are saving in United States funds. Formerly we got our crude oil from the United States. It is true we got some from the South American republics, but the South American oil was owned by United States companies. Therefore a dollar saved is a dollar gained in that business. Within an appreciable time we may strike a balance between oil for eastern Canada coming from nearby fields to Sarnia, and oil from Alberta—and I hope from Saskatchewan—moving into the United States.

I will go even further than the Minister of Trade and Commerce (Mr. Howe). He spoke about oil for Sarnia as the reason for the pipe line. I know perfectly well that pipe line is aimed at the Chicago area, and I am glad to admit it, because we want the best market we can get. In that way we can certainly do ourselves more good so far as United States dollars are concerned.

I am out on a limb now. There is no question about that so far as I am concerned. I speak only personally, but I know I am speaking for the oil producers of Alberta. I hope that production will increase—and it shows every sign of doing so—to such an extent that before this session of parliament is over we shall have enough oil coming up every day to supply the whole of the Dominion of Canada, and a market already established for our surplus. I think that is a realistic view of the whole oil situation, and I do not want there to be any doubt about where those who come from Alberta stand. Somebody will say: Smith, you are looking after your voters. But if they are all United States citizens they have no vote in Canada, and at any time I will take my chance with the Canadians who have.

I apologize, Mr. Speaker, for taking up so much time on one subject. I have not mentioned gas, but I will have a shot at that tonight. I have made these remarks because I believe oil is a matter of great interest to the members, and of tremendous interest to the country at large. I have spoken only of the oil which we bring up in pipes. In the region of the Athabasca river—and I was up there only recently—there are the tar sands which many authorities have pronounced the greatest reservoir of oil in the world. As a Dominion of Canada enterprise we have had bad luck with the project. While I have been a member of parliament I believe we have built two extraction plants, and by the time they were ready to operate them they were destroyed by fire. The province of Alberta is spending a good deal of money in that area today, and they say they are making some progress with the extraction of oil. It is not that the oil is not there in tremendous quantities. The difficulty seems to be to separate it from the sand. That is where we have fallen down. Water transportation is available there. Granted that the scientific problem is solved, it seems to me that in the future we may expect that there will be continuous development not only in Alberta but in Saskatchewan, and certainly in the Peace river district of British Columbia. They are now discovering oil in the region extending south from the old Norman Wells.

It seems to me that all these things added together mean that we have a basic product with which science is doing and can do much. The future, not only for that part of the country but for the whole dominion, as a result of the discovery and development of this great industry, is something that no one here can contemplate. My imagination simply is not good enough to envisage it.

In my office some time ago the most prominent chemical engineer in Canada was speaking to a geologist of a company for whom I was acting, and he asked him if he could find some salt. The chemical engineer laid down certain conditions as to the finding of the salt. In the same hole there had to be natural gas, and the find had to be beside a railway track. The geologist said that he thought it could be

done, and asked the chemical engineer how much he needed. The answer was that he needed a bed of at least six feet of salt. My friend was in Ottawa the other day—he is interested in pipe lines—and he not only found the natural gas right beside the Willingdon line in northern Alberta, a little east of Edmonton, but he also found a great quantity of salt. I saw pieces of it in my office, and it was as clear as the clearest of window glass. He found not only six feet of salt but a thousand feet. My chemist friend tells me that salt and natural gas are two of the most important elements in the making of many things such as plastics, and so on. This is something that is not merely in its infancy; it is in swaddling clothes.

I close with the thought that I am happy to live in Canada. I think we shall be contributing our share, in a land we love so much, if we contribute as much as some of these private enterprise people; and if we do, we shall not need to worry about the future.

Mr. John Decore (Vegreville): Mr. Speaker, the introduction of the budget in the house is always of great interest and importance to the people of Canada because from it they derive a knowledge of the status of our present financial requirements as well as the country's future prospects. In recent days and weeks we in Canada have been greatly concerned with the serious deterioration in the dollar position of the sterling areas. We realize that this is not just a problem of the British people but, in view of our trade relations with the United Kingdom, it is also a problem for Canadians as well as the other peoples of the world. I am sure that the people of Canada were glad to hear the statement made by the Minister of Finance after the recent conferences in London and Washington, to the effect that those who took part in the discussions agreed on certain policies which it is hoped will assist the sterling areas in selling goods to Canada and the United States. If this were achieved, the result would be a balancing of accounts without further loans or Marshall aid. Although we are concerned, we are confident that the world-wide devaluation of currencies will finally be adjusted to a level which will permit Canada to continue its trade relations with other countries in a normal manner.

Although I am a new member of this house, I understand that hon. members have the privilege, during the budget debate, of discussing various topics. Might I mention first the fact that this parliament will probably go down in history as a landmark because of its attempt to change our constitution. Most Canadians feel that, although the British North America Act was a masterly piece of work in its origin in 1867, conditions in Canada have changed and this act does not meet the expanding needs of this country. We must recognize, however, that the British North America Act was originally a very delicate compromise between the English and French-speaking Canadians. It is my submission that any contemplated changes in the act must necessarily take cognizance of these compromises if unity in Canada is to prevail. We do not know exactly what the premier of Quebec meant when he said that this was a matter of life and death. This statement, however, illustrates the difficulty we will encounter. Unfortunately, the premier of my own province of Alberta has chosen to follow in the footsteps of Premier Duplessis.

[Mr. Smith (Calgary West).]

Mr. Low: The hon. member is not stating a fact.

Mr. Decore: I intend to bring to the attention of this parliament a matter which I consider of importance to the future of this country. We in Canada have made great strides in our social welfare program for the benefit of the Canadian people. I should like now to express my views about education. When I say I desire to express my views on that subject, I should say they are only my views and not the views of someone else.

It seems to me that when it comes down to the basic necessity of living, the basic element of human progress, education is one of the most important factors. Nothing could be more desirable or more far-reaching than the attempt of this parliament to improve the opportunities of education for young Canadians. After all, those young Canadians will be the fathers and mothers of our future generations. This country needs men and women with a high level of education, so that they will be better qualified in discharging their responsibilities as citizens.

Canada today is playing a gigantic role in the destiny of mankind. Canada is, in fact, a new nation with a great future before it. So far our natural resources have only been tapped, and we require men with skill in science and the technical knowledge to develop those natural resources. Educated men and women are required by this country in case, at some later date, it is necessary to defend it. After all, the educated citizens of this country will place higher values upon, and have greater appreciation of the fact that the freedom we are now enjoying has been handed down to us as a result of centuries of struggle. We have spent billions of dollars in trying to protect our democracy and our international position. Today we are heavily burdened with international problems, but this should not prevent the consideration of the advance of human welfare.

Education is the foundation stone in the structure of our democracy in Canada. It is the greatest weapon against poverty and hardship. For that reason, I feel that eventually we should adopt, as a basic principle, recognition of the fact that education is a national concern. During the past few years the people of this country realized with a shock what war and steadily rising prices had done to our schools. The constant financial pressure had made it difficult for many communities to keep abreast of the requirements of education. For a number of years I served as a member of the school board and noted, in my own town of Vegreville, the overcrowded classrooms and inadequate equipment. There was not much we could do about it because the taxpayer was already overburdened.

In my constituency today there are a number of districts where schools have been closed owing to a lack of teachers, or where the instructors are not qualified in the art of teaching. Many of the teachers have migrated to better jobs at better pay. When I speak of teachers I speak with some feeling because, during my younger days, I taught school. I am not here to champion the cause of teachers, but we must have an abundance of good teachers in Canada if our standard of education is to be at a satisfactory level. Able men and women must be encouraged to go into the teaching profession. I know of children who have attended my classes in public school who, although they possessed the ability to become some day great leaders of this country, were unable to pursue advanced studies because of financial difficulties.

This government has already gone a long way in aiding Canadians by the introduction of family allowances and the program to provide educational facilities for veterans. I believe the government should be prepared to go farther than that, eventually. When I suggest that this parliament should give some aid to provincial governments for educational purposes, I realize that some provinces are more fortunate than others because of the richness of their natural resources. The province of Alberta is indeed most fortunate in this respect. The wealth that is now pouring into the treasury of the provincial government as a result of the discovery of oil is, in fact, an embarrassment to them.

In our province of Alberta there is no earthly excuse for the government not making more substantial grants to education which would be in keeping with the requirements and the expanding needs in that province. The farmers upon whose land oil is discovered receive little direct benefit from the discovery because few of them have mineral rights. All that these farmers receive is the rancid smell of oil twenty-four hours a day, seven days a week, plus a little compensation for the use of their land. It is for this reason that I believe the royal commission now investigating the question of education in Canada, among other things, will make an important contribution to the solution of this problem. Some formula needs to be worked out by means of which more opportunities will be created for education for our young Canadians.

I am not suggesting at all that this parliament should in any way encroach upon the subject matter of education which is now within provincial jurisdiction. I sometimes wish, though, that this parliament had some means of controlling the propaganda that is being fed to our children. When I say this, I am referring to something which has taken place in my province of Alberta. In 1937 a book was published by McDougall and Paterson called "The World of Today". This book was authorized by the minister of education, at that time the late Mr. William Aberhart, for the use of Grade IX pupils.

On page 321 of that publication you will find the following:

> Some people feel that the capitalist (competitive) system is out of date in this modern world, and should be modified or replaced entirely by a system better fitted to deal with the problems of today. Three of these plans are especially interesting: the Communist (as in Russia), the C.C.F., and Social Credit.

I am sure that we have no objection to our children's knowing something about Social Credit theory, if they can only find out what it is, or about the C.C.F., the Conservatives, the Liberals or any other political party. But the fact remains that thousands of students in that province were subjected to this type of vicious propaganda. They were subjected to the idea that our so-called competitive system is out of date and should be entirely replaced by one of these three doctrines. It was only after this book had been in use in our province for some years, and after considerable pressure had been exerted on the minister of education and on the government of our province by individuals and various organizations, that this book was finally revised in 1940. I have here with me both of these books in case any hon. member should be interested in looking them over.

The revised copy in use in Alberta today is so similar except for the changes that I have already mentioned, and some cartoons that have been left out, that the old original copy is still used by a great many students in grade IX in the schools in our province; these books are handed down by their brothers and sisters who used them in previous years.

It is not my intention to be disrespectful to any hon. member or to any political group in this house. However, I have heard of expressions coming from some of my Social Credit friends—and when I say some of them, I mean just some of them—to the effect that my election to this house was made possible by the communist vote of the Vegreville constituency,—

Mr. Blackmore: Hear, hear.

Mr. Decore: —and I intend to deal with this matter. The insinuations are quite clear, Mr. Speaker. Such statements cast a reflection not only on the nine thousand people who voted for me in the election of June 27 but also on all the people in that constituency, numbering some 60,000.

We have in this house representatives from all parts of Canada, from Vancouver island to Newfoundland. I do not think that hon. members in this house should be left with the impression that whenever anybody mentions the constituency of Vegreville, they should associate that constituency with communism. I feel that I have the responsibility of defending the people whom I represent should any politician in this house or outside it choose to brand those people as communists simply because they chose to discard the kind of representation they had there for the last number of years.

Over half a century ago when these people came in from central Europe and settled on land around Vegreville, one of their chief characteristics was their deep religious feeling and devotion to the church. The first institutions which they built upon their arrival were churches where they could go and worship God. Today in this constituency you will find many churches of various denominations. The two main groups are the Orthodox and the Greek Catholic, both being churches of the eastern or Byzantine rite.

The village of Mundare, situated within my constituency, has been and is today the centre of the religious life of the Ukrainian Greek Catholics in Canada. Mundare is the cradle of the Basilian order which produced such outstanding religious leaders as Their Excellencies Archbishop Basil Ladyka of Winnipeg and Bishop Neal Sawaryn of Edmonton. Other outstanding religious leaders of the Greek Catholic faith came from this place called Mundare.

I might also mention in passing that in the early pioneer days a man by the name of Father Kryzanowsky came there as a missionary; he was responsible for putting Mundare in the position it holds today. Father Kryzanowsky has been highly respected by Canadians of various denominations and racial origins. He was closely associated with that great missionary and humanitarian of western Canada, the late Father Albert Lacombe. I mention this because the people in my constituency, regardless of the church to which they belong or of what their views may be, resent any such scurrilous attack made or insinuations cast by any such politicians.

It has been said that the fact that no communist candidate was running in Vegreville constituency in the election of June 27 was the reason my election was made possible. I want to tell this house something about this matter. In my constituency there are elected to the provincial legislature about six or seven provincial members who are either wholly are partially dependent on the vote from my constituency. In the provincial election held last year, all those members who were elected from my constituency were Social Credit candidates.

Mr. Blackmore: Hear, hear.

Mr. Decore: Some of my Social Credit friends and the hon. member for Red Deer (Mr. Shaw) say "hear, hear". I want to remind the hon. member that there was no communist candidate running, and I would ask him this question. Was it the communists who elected those Social Credit members at that time?

Mr. Shaw: I rise on a question of privilege, Mr. Speaker. In the first place, I made no interjection whatsoever; and in the second place, if he wants an answer to his question, I would tell him this. The communists voted Liberal provincially last year.

Mr. Decore: Is that the reason why most of the Liberals lost their deposits?

I should like to remind this house of another incident that took place in 1940. In 1940 a by-election was held in the Vegreville provincial constituency, which is in my constituency. At that time the hon. member for Peace River (Mr. Low), who is the leader of the Social Credit group in this house, was elected to the provincial house by acclamation. Was it the communists that in 1940 elected him by acclamation to the provincial house?

An hon. Member: No; there was no election.

Mr. Decore: It was by acclamation. I should like to take my Social Credit friends—

An hon. Member: They would not go with you.

Mr. Decore: —back to the year 1938. That was the year when, in the constituency of Edmonton East a federal by-election was held. That was the time when Orvis Kennedy, the Social Credit candidate, was elected. I do not hear anything from my Social Credit friends. None of them says "hear, hear" this time.

Some hon. Members: Hear, hear.

Mr. Decore: In fact, I notice that they are blushing; and they have good reason for blushing. Let me tell this house why. After the results of the election were known, there was in Edmonton one of the most enthusiastic demonstrations ever held in its political history. According to the Edmonton newspapers, communist supporters and other speakers addressed the crowds at the Kennedy committee rooms; Mr. Kennedy thanked Jan Lakeman, the Alberta communist chief, for his support and called him to the platform to address the crowd.

May I quote further from the Edmonton *Journal.*

Mr. Low: I rise on a question of privilege. The hon. member for Vegreville is reading into the record something that is absolutely false, and he knows it.

Mr. Decore: Do you want me to produce it?

Mr. Sinclair: Where is your privilege?

Mr. Low: I say that in all kindness to the hon. member.

Mr. Sinclair: Where is your privilege?

Mr. Low: I am challenging the hon. member to produce the evidence of Mr. Kennedy thanking Jan Lakeman or any other communist for his support.

Mr. Sinclair: That is not privilege.

Mr. Decore: I accept the challenge.

Mr. Low: I challenge the hon. member.

Mr. Decore: I accept the challenge. At this time may I quote from the Edmonton *Journal* of March 22, 1938. This is what it says:

> Others who addressed the cheering crowd at the Kennedy headquarters were N. B. James, M.L.A. for Acadia; Leslie Morris, Toronto, national secretary of the communist party of Canada; Hon. E. C. Manning, provincial secretary; Hon. Lucien Maynard, minister of municipal affairs.

What a grand and glorious victory that was!

Mr. Low: On a question of privilege, I challenge the hon. member to substantiate by evidence that his statement is correct. I state exactly what he said, "that publicly at that meeting in Edmonton in 1938, Mr. Kennedy thanked Jan Lakeman for his support."

Mr. Sinclair: That is not a question of privilege.

Mr. Low: I challenge his honesty on the statement he has made. He has answered my challenge by evading, as he always does.

Mr. Decore: I am referring to newspaper clippings.

Mr. Low: A newspaper clipping does not mean anything.

Mr. Knowles: Don't forget that Tim Buck supported Mackenzie King in 1945.

Mr. Decore: At no time in the political history of Canada, to my knowledge, did any political party,—

Mr. Gardiner: He supported the C.C.F. in 1949.

Mr. Decore: —whether it be Liberal, Conservative, C.C.F. or any other political group, celebrate together with the communist chiefs an election victory with such enthusiasm and gusto as happened in Edmonton East in 1938.

In view of what I have said, may I humbly make this suggestion to the hon. member for Red Deer (Mr. Shaw) and the hon. member for Peace River (Mr. Low), that they should be the last of all people to impute communism to someone else. It seems to me that people living in glass houses should always undress in the dark.

Most of us who know anything about the communist leaders in this country know something about their tactics. If you dare to disagree with a communist on his political views you are immediately branded as a fascist or a war-monger. Should anyone dare to disagree with some of these politicians to whom I am referring, they are immediately branded as a communist or next to it. Although they profess to hold divergent views it is my submission that their tactics are the same.

The suggestion that the Liberal party in Canada, or that a Liberal candidate in Alberta, entered into any kind of understanding with the communist leaders is of course nonsense. We of the Liberal party believe in combating communism not necessarily in the manner and style prescribed and proposed by our Social Credit friends. We believe that by showing that our democratic way of life here in Canada is superior to what they have in Russia we can convince people far more effectively.

In the 1945 election there were in Canada 119,000 communist votes. On June 27 there were slightly over 32,000. Something happened to the 80,000 communist votes, in fact it is only a little over one-sixth of the 1945 election. I believe that if any party or any group has shown the way to combat communism in Canada, the Liberals certainly have.

At this time, Mr. Speaker, I should like to say a word or two to my French-speaking Canadian friends.

(Translation):

As a representative of western Canada, I am very pleased to meet here so many French-Canadian members from the eastern part of the country.

There are a great many French-speaking Canadians in my constituency and I am happy to tell you that they wholeheartedly supported me at the last election.

Fortunately, there are only two official languages in this country, French and English. If other languages are officially recognized, I should be tempted to use them all.

We in western Canada are deeply anxious that unity should prevail in this country and judging from what I have observed during the short time I have been here, our nation is destined to become even more powerful and united under the leadership of our great leader, the Right Hon. Louis S. St. Laurent.

(Text):

Mr. H. R. Argue (Assiniboia): Mr. Speaker, the budget presented to this house by the Minister of Finance (Mr. Abbott) the other evening was not essentially a new one. In the main it was the budget presented March last, prepared for re-presentation. On June 27 the people of Canada endorsed the resolutions contained in the original budget. The people of Canada endorsed the tax proposals of the Liberal government, and to that extent I do not wish to take exception to the present budget. But if the forecasts and opinions contained in the budget of the Minister of Finance of March last were not justified by events, then to that extent the budget of March was not endorsed by the Canadian people.

One may look through the budget of last March with great care, but nowhere in it will one find a suggestion that Canada would in a few months be facing a very serious trade crisis. On the contrary, the Minister of Finance took a very optimistic point of view. I might recall the statements which the minister made in referring to European countries when he said:

> Their own ability to buy is increasing, and in the meantime is being supplemented from this side of the Atlantic.

Then the further statement:

> The Canadian government has taken and will continue to take all feasible steps to encourage the expansion of British trade with Canada.

These statements, and others like them, served only one purpose. They served to lull the people of Canada into a false sense of security in relation to our trade prospects. One cabinet minister after another went back and forth across this country telling the electorate that we would not be facing a trade crisis; that the C.C.F. were always talking blue ruin. It must have been a shock indeed to the electorate to find that within twenty days after the election we were facing a very severe and very real trade crisis, a trade crisis to the extent that our best customer, Great Britain, announced that she was cutting by 25 per cent imports of goods from dollar countries. The Minister of Trade and Commerce (Mr. Howe) is reported in the Regina *Leader-Post* of June 18 under the headline:

> Howe Tells B.C. Liberals he is Stuck for Something to Sell

as having said:

> Canada's post-war domestic economy is expanding so fast, Trade Minister Howe said Friday, that he is stuck for something to sell on the overseas market.

The Minister of Agriculture (Mr. Gardiner) is reported in the *Leader-Post* of June 24 as saying at Qu'Appelle:

> There is no evidence to support the contention of M. J. Coldwell, C.C.F. leader, that Canada is losing the British market for food, Agriculture Minister Gardiner said here Thursday night.

I hold in my hand a quotation taken from a radio speech delivered by the hon. member for Rosetown-Biggar (Mr. Coldwell), the leader of this party, on May 13, entitled "Coming Crisis in Trade",

> Our best customers have always been Britain and western Europe, yet we are rapidly losing these markets today. Last year Canadian exports to Britain fell off by $64 million. In the first three months of this year exports in Britain dropped still more, from $175 million to $139 million. We have not suffered from this trade crisis yet, but in a few months we shall feel the full impact.

How very true was that prophecy by the leader of this group, that while we had not suffered up until that time from the trade crisis, nevertheless in a few months we should feel the full impact. Just two months from that date, almost to the day, the announcement was made that we would be losing 25 per cent of our market in the United Kingdom. Apparently to some extent the Minister of Agriculture (Mr. Gardiner) has changed his mind, because he was reported in the Montreal *Gazette* of October 1—

Mr. Gardiner: That was not agricultural products; it was 25 per cent of our dollars.

Mr. Argue: A reduction of 25 per cent in British purchases in dollar countries.

Mr. Gardiner: Not of food from Canada.

Mr. Argue: I am not trying to leave the wrong impression at all. I am just quoting what the minister said as reported in the Montreal *Gazette* of October 1:

> We are trying to maintain Canada's markets in Britain, but there is no certainty that we can do so.

Yet on June 24, he said there was no evidence at all to support the contention of the C.C.F. that we were losing the British market for food.

The hon. member for Maple Creek (Mr. Studer), speaking in the budget debate,

said there was serious objection to implementing the C.C.F. amendment calling for a reduction in tariffs. He said the government had always maintained a balance between various groups in this country. Yes, they may have maintained a balance, in the past, but in my opinion that balance was always weighted very heavily against the farmer and the consumer.

Tariffs have protected industries and big business resulting in higher costs to the producer, higher prices to the consumer. The hon. member said, as reported at page 1071 of *Hansard*:

> If I remember correctly, it was not very many years ago that party said that free trade was absolutely obsolete in this country, that it was not up to date; and yet we see a change of mind today and our friends are talking about free trade.

The hon. member was referring to the C.C.F. However, if he had inquired more diligently he would have found that our position in respect to trade today is the same position we have taken since the inception of the C.C.F. movement in Regina in 1933. I quote this from the Regina manifesto:

> Canada is dependent on external sources of supply for many of her essential requirements of raw materials and manufactured products. These she can obtain only by large exports of the goods she is best fitted to produce. The strangling of our export trade by insane protectionist policies must be brought to an end.

We are objecting there to a high tariff protectionist policy. Then it goes on to say:

> The old controversies between free traders and protectionists are now largely obsolete.

They are obsolete because the Liberal party claimed it was the party of free trade and the Conservative party claimed it was the party of protection. But when either of these parties was in office there was little difference in tariff rates; both were parties of high tariffs. So that the controversy between the two old parties was a sham battle, and made the issue on that basis with respect to tariffs obsolete.

Quoting again from the Regina manifesto:

> In a world of nationally organized economies Canada must organize the buying and selling of her main imports and exports under public boards, and take steps to regulate the flow of less important commodities by a system of licences. By so doing she will be enabled to make the best trade agreements possible with foreign countries, put a stop to the exploitation of both primary producer and ultimate consumer, make possible the co-ordination of internal processing, transportation and marketing of farm products, and facilitate the establishment of stable prices for such export commodities.

Our stand in relation to export-import boards as set out in the Regina manifesto of 1933 is exactly our stand in this regard today. As far back as 1938, in the budget debate of that year the hon. member for Rosetown-Biggar (Mr. Coldwell) moved the following amendment:

> That this house further regrets that the proposals submitted by the Minister of Finance on June 16 disregard the pledges of the Liberal party to the Canadian people contained in its platform of 1919 and subsequent years, which declared, among other things, that the best interests of Canada demand that substantial reductions of the burdens of customs taxation be made with a view to the accomplishing of two purposes of the highest importance; first, diminishing the very high cost of living which presses so severely on the masses of the people; second, reducing the costs of the instruments of production in the industries based on the natural resources of the dominion, the vigorous development of which is essential to the progress of our country.

So back in 1938 this group moved an amendment in which it asked the Liberal party to implement its own platform of 1919 calling for a reduction of tariffs. We are moving again today in this budget debate substantially the same motion, saying that the government should give immediate consideration to a reduction of tariffs sufficient to encourage an increase in imports from the United Kingdom and other sterling countries. So that the stand of the C.C.F. party with respect to tariffs is perfectly clear. We believe that tariffs should be reduced, and reduced substantially. We believe that by reducing tariffs at the present time we can increase the purchases of British goods by Canadians and thus help to alleviate the difficulty we are finding in maintaining our markets in Britain.

In dealing with the trade crisis which we face we should consider some of the underlying causes. It has often been pointed out that one of the reasons Britain has faced a dollar problem in the post-war period is that during the war she sacrificed her foreign investments. In order to stop fascism Britain sacrificed her investments abroad—investments which were necessary to her peacetime well-being. Between the wars those investments earned her £200 million annually. The income from those investments to a large extent was used to pay for imports obtained from Canada, the United States and other dollar countries. Today that investment has shrunk to almost zero.

On top of Britain's losing her investment income, she suffered terrible physical destruction during the war. Because of that physical destruction she has had to meet heavy costs for reconstruction. In spite of these handicaps Britain's recovery has been magnificent. Speaking in Toronto on May 30, Harold Wilson stated that Britain had increased her production by some 40 per cent by volume over a pre-war year. British exports in the first quarter of 1949 were running 50 per cent

higher by volume as compared to 1939. Industrial production in 1949 was 30 per cent above 1946. Mr. Wilson also pointed out that Great Britain had changed an over-all deficit in world trade of $2·4 billion two years previous to a slight over-all surplus toward the end of 1948. British recovery has been truly remarkable. No other country in western Europe has made such rapid and sustained progress.

I think we should look at our record, at what we have done to improve trade and to help Britain recover from the devastation of war. We all know that Canada and the United States made large loans and gifts to Great Britain and other European countries to help in their reconstruction. As the Minister of Finance pointed out, a great deal of the success that we shall obtain in solving our trade problem depends on the North American nations accepting a greater quantity of goods from Europe and sterling areas. For a time Canada and the United States were accepting an increasing quantity of goods from the United Kingdom.

Great Britain had a trade deficit with the United States of $932 million in 1947, but had reduced that trade deficit by more than 50 per cent to $455 million in 1948. If Great Britain throughout 1949 had been able to continue to reduce her trade deficit with the United States at the same rate as in 1948 she would have ended this year with no deficit in respect to her trade with the United States. Great Britain's position for the first quarter of 1949 in respect to trade with the United States was almost the same as it was in 1948, no better or no worse. British imports to the United States in the first quarter of this year were at the annual rate of $280 million, but during the second quarter of this year they dropped to an annual rate of $163 million, a 42 per cent drop as compared with the first quarter of the year.

The causes for that drop in British exports to the United States cannot be blamed on the policies adopted by the government of Great Britain. As the Minister of Finance said in his budget speech a few days ago, there was a decline this spring in the rate of activity in the United States. Thus, when the United States was facing a recession, business reduced its purchases of British goods. The dropping off of British exports to the United States was not brought about because Great Britain was not producing; it was brought about largely because the United States went through a period of recession or a decline in the rate of activity, as the Minister of Finance put it. Last March the Minister of Finance did not visualize a recession on this continent when he said:

> I do not expect in the near future any serious decline in the high level of expenditures in North America upon which our present prosperity is based.

Certainly in the light of future events that statement was not justified. Events have shown that the free enterprise system that this government supports went through a recession and that that recession to a large extent was responsible for the trading crisis that faced the United States, Canada and Great Britain in July of this year. There was another major cause for the shrinkage in British exports to the United States. Sir Stafford Cripps, speaking in the United Kingdom debate on September 27, had this to say:

> There was another factor of great importance. In the spring of this year an attack had been launched upon the exchange rate of sterling and this attack had been developed through the summer. As a result people began to doubt the rate, to speculate as to the likelihood of its being changed, and as a result business of all kinds fell off. Buyers postponed making payments, in the hope of a more favourable rate of exchange. North American holders in fact transferred into dollars as much sterling as they could as quickly as they could. These were factors which led to the increased drain on our reserves in the second quarter of the year, and that increased drain itself of course accentuated the tendency to regard sterling as over-valued.

In other words, there was an attack by business interests and the financial press on this continent on the pound sterling. North American holders of pound sterling transferred their holdings into dollars as quickly as possible. The attack on the pound sterling by business interests on this continent contributed substantially to the situation that made devaluation necessary. Exports of aluminum from Great Britain to the United States dropped from £346,000 per month in the first three months of 1949 to just £5,000 in July. Agricultural tractors, which Great Britain had been shipping to the United States at the rate of £417,000 in the first quarter of 1949, fell to zero in July. Those exports fell to zero largely because the business interests on this continent had launched an attack on the then prevailing rate of exchange.

Is there any assurance that such an attack will not develop at some time in the future? There is not. If business interests on this continent decide that the pound sterling should be devalued at any time in the future, from the experience we have had in the past all they would have to do is to stop buying goods, transfer their sterling holdings into dollars, and then a further devaluation will be made necessary. In his budget speech the other night the Minister of Finance took note

of the effects a sharp down-turn, as he put it, in economic activity on the American continent would have, when he said:

> Any sharp down-turn in American economic activity and in American willingness to import cannot but have sharp and embarrassing repercussions all over the world.

But there is no assurance that the United States is going to maintain full employment, full production and the expanding economy necessary if trade is to be free throughout the world? Referring to the devaluation decision the minister said:

> It was agreed that the solution must be sought primarily in a rapid and substantial increase in dollar earnings through an expansion of trade.

I contend that devaluation, instead of bringing about an expansion of trade, will in fact bring about a contraction in trade. A 30 per cent devaluation of the pound sterling in relation to United States dollars means an increased price of 44 per cent to the British consumer of goods bought in the United States. That is certainly going to mean a substantial reduction of British purchases of United States goods. The same thing will be true to a slightly lesser extent in British purchases of Canadian goods.

Then with respect to the British attempt to increase exports to this continent, Great Britain following devaluation can reduce by thirty per cent the price of her exports to the United States. But should Great Britain, for example, reduce the export price of British automobiles to the United States by 30 per cent, then she must increase the quantity exported to the United States by 43 per cent in order to obtain the same number of dollars that she has been receiving before devaluation. It is certainly doubtful to what extent Great Britain can increase her earnings of United States and Canadian dollars by reduction of price, since following reduction in price she must increase the quantity sold to earn even the same number of dollars as she earned heretofore.

Rather, I believe the chief result of devaluation will be a further loss of the British market. The United Kingdom labour and industry publication of September states:

> If the large current trade surplus of the dollar countries can be increasingly offset by rapidly increasing imports from non-dollar countries, and by a healthy flow of dollar investments to these countries, it is possible to envisage once again a "one-world" trade pattern, in which multilateral trade, balanced by freely flowing capital from surplus countries, can operate once again on the basis of stable, convertible currencies.

The statement is made that one of the chief objectives of the British government must be to change its import purchases from the dollar areas to the non-dollar areas. The result to Canada of such a policy is already being felt. Great Britain has entered into bilateral agreements with Russia, Denmark, the Argentine, Sweden, and numerous other countries for the purchase of such commodities as coarse grains, bacon, butter, beef, newsprint and pulp. Great Britain must continue to buy increased quantities of goods from other countries in order to conserve her supply of dollars. At home the British are rapidly increasing food production. Production of food has increased, on the basis of calories used in the diet, from a total of 31 per cent pre-war to 37 per cent in 1948-49. Great Britain is rapidly increasing her production and her acreages of bread and other grains. While she has reduced her production of beef and pork, nevertheless Canada has not gained thereby since we are exporting to Great Britain little beef, and only a small fraction of the bacon that we exported during the war.

A press statement in the Regina *Leader-Post* of August 31, 1949, reads:

> When Strachey went to the food ministry three years ago, Britain got about 35 per cent of her food from Canada and the United States. Today that figure has been cut to 12 per cent, three-quarters of which is accounted for by the Anglo-Canadian wheat contract.

Instead of supplying the major part of 35 per cent of the British food diet, Canada is now supplying only 12 per cent, three-quarters of which is accounted for by the Anglo-Canadian wheat contract, and we are able to sell our wheat to Great Britain this year only because the United States has made $175 million available to Britain for the purchase of our wheat.

Therefore we see that the chief results of devaluation will be a further reduction in our exports to Great Britain, accompanied at the same time by a general over-all shrinkage of trade, and a reduction in the British standard of living. In his budget speech the Minister of Finance (Mr. Abbott) talked about positive measures, but he never said what the positive measures were. He said:

> With regard to the longer-term and more positive approach, it was agreed that the objective for all of us must be the achievement of a pattern of world trade in which the dollar and non-dollar countries can live together within one single multilateral system—a system under which a balance will be achieved by the expansion and not the contraction of trade.

I contend this statement is wholly without foundation. Devaluation means a contraction of trade. The minister in the same speech seemed aware of the possibility of contraction when he said:

> . . . we cannot afford to overlook the possibility of short run declines in the absorptive capacity of the American market.

He admits that there is a possibility of a recession in the United States in the future, but then he adds that the government has a program to maintain full employment and prosperity in Canada. The minister said:

> . . . we have already taken steps to give still greater encouragement to housing construction, and we are in the midst of discussions with the provinces regarding both the magnitude and the timing of extensive work on the trans-Canada highway.

I wonder why the minister did not include the irrigation development in Saskatchewan about which we have heard so much for so many years. Apparently that is not to be one of the projects to be undertaken to maintain full employment in Canada. In speaking of the trans-Canada highway he referred to the magnitude and the timing of this extensive work. I did not know that its construction was tied to the minister's theory of cyclical budgeting. I thought the government's stand was that Canada needed a trans-Canada highway, and that the government would help in the completion of it with all dispatch. But surely the minister does not believe that Canada can maintain full production and full employment at a time of recession in the United States and still follow the policies that are being followed by the government today.

If Canada wishes to maintain full production and full employment at a time when there is a recession in the United States, then it will necessarily mean the reimposition of rigid government controls. The present government is against controls. Therefore I can only assume that, if there is a recession in the United States, it is going to overflow into Canada and there is nothing that this government will do about it.

The Minister of Trade and Commerce (Mr. Howe), in answering a question today, referred to two of the deputy ministers who have been in Great Britain discussing our trade problem. I should like to point out that those gentlemen were in Great Britain discussing the possibility, as I understand it, of concluding a bilateral agreement for the sale of such commodities as bacon, cheese and eggs. The Minister of Finance read us a lecture in March of last year about the evils of bilateral agreements. Notwithstanding the minister's lecture the government, and I compliment them for it, are still trying to maintain bilateral agreements even if they are for reduced quantities. Why should we and the government expect Great Britain to sign bilateral agreements with us for the sale of our commodities if we will not do exactly the same thing for the British and sign bilateral agreements for the sale of British goods in Canada? I believe through bilateral agreements we have one positive method by which we could increase our purchases of British automobiles, farm machinery, textiles and other manufactured goods. The government should not set itself against adopting new and, if necessary, radical changes in its trade policy, if by that means it could cope with the present reduction in markets. In my opinion, the government should have no hesitation in accepting the amendment of the member for Moose Jaw (Mr. Thatcher) calling upon it to reduce tariffs and to implement a policy of freer thade, something that the government and the Liberal party have been talking about for many years.

Mr. Gibson (Comox-Alberni): I hope the hon. member is not quoting him as an authority.

Mr. Argue: I believe the member for Moose Jaw (Mr. Thatcher) would be a much better authority than the hon. member for Comox-Alberni.

I have one other suggestion to make before I conclude.

Mr. Deputy Speaker: The hon. member has exhausted his time and cannot continue without the unanimous consent of the house.

Some hon. Members: Continue.

Mr. Argue: I should like to leave one other thought with the house, and that thought came to me when the Prime Minister of India was addressing the joint houses of parliament a short time ago. India has large sterling balances in London. As a sister nation in the commonwealth, India would like to exchange those sterling balances for dollars and increase her imports. I believe this government should consider taking over part of India's sterling balance in London, as a means of helping to improve our market situation. We would be helping Great Britain solve her serious dollar crisis, and at the same time we would be helping to raise the standard of living of millions of our fellow human beings who reside in the sister nation of India.

Mr. A. C. Stewart (Yorkton): Mr. Speaker, we have just listened to another speech from a member of the group I designate as the unlucky thirteen. For many days we have listened to their speeches, and now I have to speak on an amendment to the amendment which is a typical C.C.F. amendment. As a matter of fact we have a half-Conservative and half-C.C.F. amendment to the government motion. It suggests that we—

> —give immediate consideration to a reduction of tariffs sufficient to encourage an increase in imports from the United Kingdom and other sterling countries.

The party in question sponsoring the amendment knows quite well that the government of the day has, for many years now,

given consideration to that very thing. The amendment means absolutely nothing. This group knows the government has been doing that, and is still doing it. It is also well known that the government intends to get as much for our western wheat as it is possible to obtain. This amendment does not go far enough, if my hon. friend wanted to secure something for the western farmer. There is no question about it, the westerner feels that he is buying everything on a closed market and selling everything on an open market. Ninety per cent of the people west of the great lakes are natural free traders.

If my friends of the C.C.F. could have brought forward a suggestion that we have two kinds of money as well as being a bilingual country, everything might be all right. We have not got two kinds of money. We cannot use sterling on the one hand, and the dollar on the other. I should point out that in many announcements the government has made it quite clear it does not believe in bilateral trade agreements any more than does the British government. That government has clearly stated that it intends to get out of bilateral agreements as fast as possible. Our government of the day has made it clear that it believes in multilateral trade. That is all I intend to say about that, except to say that the member introducing the amendment was the member for Moose Jaw (Mr. Thatcher).

At page 1027 of *Hansard*, the member for Moose Jaw said:

> Hon. members of the Liberal party will see that there are no strings attached to that amendment. Anyone who believes in freer trade should have no difficulty in voting for it. I call upon my Liberal friends to vote the way they have been talking for the last fifty years.

I shall suggest to the hon. member for Moose Jaw, who is a fairly young member in the C.C.F., that sometime he read the prayer of that old gentleman whom we all used to respect, the late Mr. Woodsworth. He said:

> We have learned how imperfect is our knowledge, how narrow our vision. May we be willing to welcome truth from whatever source it comes. May we endeavour to follow the truth at whatever cost.

My hon. friend from Moose Jaw knows that there are strings attached to this resolution. He knows that any member of this house who votes for that amendment is voting no confidence in the government of the day. The same use would be made of a vote for this amendment as was made of a vote recorded in this house previously on the matter of the means test. It was a very unfair use, and many people who do not know the rules of this house—

Mr. Knowles: Order.

Mr. Stewart (Yorkton): I am in order. I am not going into a previous debate at all. You are out of order. A very unfair use was made of that vote by the leader of the C.C.F., the member for Rosetown-Biggar (Mr. Coldwell). His statement is reported in the press as follows:

> Speaking from a prepared text in support of Harvey Hotrum, C.C.F. candidate in the Toronto Greenwood federal constituency—

who, incidentally, lost out.

> —Mr. Coldwell said, "the Liberal government already has broken faith with many of those who supported it with their franchise last June." He said that, because of the oft-repeated Liberal promises, "many old age pensioners thought by voting Liberal they would make sure the burden of the means test would be lifted. However, in the House of Commons last week not one Liberal had the courage to vote for this simple but needed reform."

I would suggest that the hon. member for Rosetown-Biggar follow the precepts of that great leader, Mr. Woodsworth. That is not telling the people what the facts of the case are; it is a misleading statement. Every member of this house is put in the position of having to explain the rules of this house to his constituents, and the effect of voting for an amendment of that sort.

Sometimes I think the rules committee—as a young member of this house perhaps I should not be making these suggestions—should consider tacking on at the end of amendments to the budget motion or any other motion, "This is a vote of confidence in the government", or "This is a vote of non-confidence in the government". I know that in my constituency, seventy per cent of the population are foreign-born, and all these things have to be explained. I know that the same misuse will be made of that vote all throughout Saskatchewan as was made in the speech by the leader of the C.C.F.

In a report appearing in the Ottawa *Citizen*, the leader of the C.C.F. is reported as follows:

> He pointed out that not one Liberal member had supported the means test for pensions "yet many promised such support in election speeches."

I may say that not only is every member of the Liberal party to whom I have spoken in favour of what has happened in connection with social services, but expects further things to happen when the government has had time to perfect the scheme. We do not want any imperfect schemes such as the one that was adopted in the province of Saskatchewan. We do not want a half-baked scheme brought into this house.

Then my friend the leader of the C.C.F., speaking to the Canadian Congress of Labour, said: Not only do I represent labour but we also represent that great group of agriculturists in this country.

Mr. Sinnott: That is nonsense.

Mr. Stewart (Yorkton): Nevertheless, Mr. Speaker, he assured labour, at the Canadian Congress of Labour meeting, that he represented the agriculturists of this country. If he represents agriculture, then I represent the Hottentots. Let us look at the C.C.F. membership in this house. There are some good fellows in the C.C.F., although they are sometimes hard to find. But the C.C.F. have one bona fide farmer sitting in this house. There is one fruit grower and there is a half farmer, as you might call him, who just spoke; that is a total of one and a half farmers and a fruit grower. None of the rest of them are agriculturists. That is their total agricultural representation in this house.

If you take it constituency by constituency, and province by province, you will find that in many of the provinces where there are many agriculturists, the agriculturists have no representation in the C.C.F. The people of the country may be astounded to know that the Conservative party in this house have a representation of farmers which is fourteen times as great as that of the C.C.F. party. I would suggest that my friend the leader of the C.C.F. should follow the suggestion that was made by Mr. Irvine at Winnipeg when he said: We no longer represent the farmers; it is obvious that we do not; we should come out in true colours as a labour set-up. Then of course they would not represent all of labour by any means.

Some of us who have been sitting in this house as younger members would much rather have heard older members speak. We feel that we do not know it all by any means, that we have a great deal to learn, and that we are here to learn. But we have been getting such a barrage from the corner over here to my left that we have not learned a great deal.

I checked up in the Parliamentary Guide to ascertain the complexion of the members that now represent the C.C.F. in this house. You will excuse me, Mr. Speaker, for dwelling on the C.C.F.; I do so because in Saskatchewan certain events are happening now and certain events are going to happen again. We gave them a start in that province, and we do not want to see the rest of our beloved country filled with them. Whom do they represent? On a check-up we find that, of the membership of the C.C.F., eight were born outside Canada altogether. That is all right. We welcome immigration. We always have done so and always will. But those men have reached maturity outside Canada. They made up their political views outside Canada. There are many of us Canadians here of English-speaking stock, whose ancestors have been here for possibly five generations. I have driven around the Gaspe peninsula with the Hon. J. E. Perrault, my old friend who is unfortunately dead. He used to be minister of roads in Quebec. I met the people of Gaspe peninsula. I spent three pleasant days there. They had a terrific storm. I watched those people under every circumstance, and they were a fine people. They had been in there for three or four hundred years.

As I say, we have a group here, eight of whom made up their political minds outside Canada altogether, who are coming to this country now and telling us that we are all wrong, that we should set up a new system, and that they have the answers. I can just imagine, and I have been doing it since away back in 1914, what in the world the English-speaking people or the Scotch on the Clyde would say if we sent over there a little group of Canadians who said: You are all wet over here; let us get a new government; your whole system is wrong, and so forth.

There is no question about this matter, because I am referring to the leader of the C.C.F., who wrote a book. Some people say that when you go into politics you should never write a book. This is a book by Major J. Coldwell, and he gives a military command "Left Turn Canada". On page one he says:

> As a young man and a student my interest in political affairs was aroused . . . as a participant in college debates when I had to argue against well-informed young radicals . . .

He must have lost the argument, I think. He continues:

> To these early discussions I attribute my present views.

So he brought them here; after being defeated in debate by radicals in England, over here he comes and we have to start all over again.

We have in Canada splendid people from every country. In my constituency many nationalities are represented. Many of those people are advancing splendidly. We have people from the old country who are at the head of a good many affairs. The latest appointment to the position of head of the Canadian National Railways is a demonstration of the truth of that statement, and we welcome it. But these men do not turn around and try to tell all other Canadians that their system is wrong and that they have got to change things. When we start to dissect any group it is fair to ask these questions: Where did they get their opinions? Are their opinions reasonable and are they logical? That is the proper approach; it is

not personal. I think these gentlemen are wrong and I have no hesitation in saying so.

I want to say this. In this house I do not intend to indulge in any personalities. I do not think we are sent here for that purpose. Some sharp debates are going to take place. I think that is helpful. As long as they are conducted fairly, without anything personal in them, no harm is done, and that is the proper method of debating. But unfortunately, before I came to this house—and I think I should clear the decks on this matter—my friend the leader of the C.C.F. had certain things to say about me last session. I was not in the house to defend myself and had no opportunity of doing so, but I am here now.

The debate in question took place on March 10 of this year and is reported in *Hansard*, volume 2, pages 1342 to 1349. It took several pages of *Hansard*, and it all related to things that happened twenty years ago. I do not know that it is going to help this house much for me to try to settle this debate but it will at least clear the decks and show the people what's what.

The hon. member for Rosetown-Biggar (Mr. Coldwell) apparently had boasted that he had been offered a cabinet position by the then Liberal government of 1929. The Minister of Agriculture (Mr. Gardiner) successfully proved that he had not. Then I was pulled in as the innocent lamb in the whole thing. I did not care whether he had or whether he had not. Here is what was said about me. I am reading now an extract from *Hansard* of March 10, 1949, at page 1344:

> The only part of Mr. Thorn's letter that I shall read is that which affects me and which reads: "We proceeded to congratulate them, and when we had completed doing that, Carl Stewart"—

That's me. I continue:

> He was subsequently minister of highways and I think he was wholly responsible for the wreck, if I may put it that way, of the Conservative party in that province.

I want my Conservative friends to get that. I continue:

> In the last election in 1945 he was the Liberal candidate in the Yorkton constituency.
>
> "Mr. Stewart said, 'Now boys that you have congratulated us we would appreciate you leaving, as when all is said and done, we are elected members and we wish to discuss our plans, and while we appreciate your assistance during the election, that is all behind now, and we don't need your assistance here.'
>
> "The three of us immediately began to splutter,"—

That is, Mr. Coldwell spluttered, Mr. Thorn spluttered—

> "and the other members present at once began to assure us that they didn't want us to leave, the two exceptions being Taylor and Stewart.
>
> "By this time you had become quite annoyed—

That is, Mr. Coldwell.

> "—and you proceeded to give Carl Stewart one of the best dressings-down he ever had, and Carl sat and took it. He never said one word back and he never got any encouragement from any of the members to say one word."

Referring to the Minister of Agriculture (Mr. Gardiner) he said this:

> "He paid tribute to the straightforward and clean-cut campaigns of the Progressives and Independents."

Of which I was one. At least I got a compliment there.

I continue:

> "He assured me that he quite realized that we did not get behind the Conservatives in their campaign to vilify the Roman Catholics and to pep up the K.K.K. organization."

That is what my hon. friend read in the house concerning myself. I have asked the hon. member for Rosetown-Biggar (Mr. Coldwell) to table in the house the whole of Mr. Thorn's letter. I wrote to him and I wish to table my letter to him.

Mr. Knowles: The hon. member cannot do it.

Mr. Stewart (Yorkton): Then I shall read it into the record. It is dated October 3, and reads as follows:

> Not having been a recipient of *Hansard* in recent years, I was very surprised when I got down here to read your comments about myself in the 1949 session, and learn you had referred to a letter written to you by Mr. G. W. Thorn, barrister of Regina.
>
> These happenings were, of course, twenty years ago, and I cannot see what object you had in making the remarks about myself in the altercation which took place between yourself and the Right Honourable Minister of Agriculture.
>
> Have you any objection to forwarding me a copy of the letter of Mr. G. W. Thorn which, apparently, you are willing to table in the house and which, apparently, was not confidential as you used part of the letter.

I shall read the reply of the hon. member for Rosetown-Biggar. It is dated October 5, and reads as follows:

> Dear Mr. Stewart,
>
> In your letter you asked me two questions: (1) What object I had in making the remarks about you in connection with the altercations which took place between the Minister of Agriculture and myself.
>
> If you have read the record, as I think you have, you will have noted that, referring to the setting up of the Anderson government, he said: "I am not so sure that he (meaning myself) did not put them in." I thought I had to quote that part of Mr. Thorn's letter which indicated who, in my opinion, was responsible for the entry into the Anderson cabinet of Dr. Stipe and yourself. That was one reason. The other was,—

I want the house to get this.

> The other was, of course, that from time to time I have been informed that you had made the statement that you had thrown me out of the room in which the discussion occurred at the Kitchener

hotel. These were the considerations that were in my mind and which I thought justified my references to yourself.

Of course I never made any such statement, and never mentioned it before he said it in the house. I continue:

The second question you ask me is if I would forward to you a copy of Mr. Thorn's letter, which you state I was willing to table in the house. I did not offer to table Mr. Thorn's letter in the house, although I had earlier offered to table a letter from Dr. MacLean, from which I quoted. I was under no obligation to table either letter, and I refrained from making the same offer regarding Mr. Thorn's letter as I had made in connection with Dr. MacLean's, because it contained certain comments and recollections which, while I think they were accurate, I am sure you would agree would be better left out. For exactly the same reason I am not forwarding you a copy of Mr. Thorn's letter, as I think no good purpose would be served.

I did not get a copy of Mr. Thorn's letter. Of course, if any hon. member had wanted Mr. Thorn's letter tabled at that time under the rules my hon. friend would have had to table it. Anybody could have asked for it.

Mr. Homuth: No.

Mr. Stewart (Yorkton): Yes. He was reading from a letter. I am right on that. I have looked it up. In any event I could not see the letter. The hon. member for Rosetown-Biggar made an attack on a former member of parliament who was not in the house at the time. He refuses to produce the letter. What was the record of Mr. Thorn? My hon. friend knew it very well. If he had been giving to this house the word of a reliable man there might not have been any objection to it; but I happen to be a past president of the law society of Saskatchewan. I also happen to have been recently re-elected by acclamation a bencher of the law society. It is our duty to discipline members of the law society of Saskatchewan. I also wrote to Mr. Thorn to get a copy of this letter but could not get it.

What is the record on the law society records of the province of Saskatchewan of the authority quoted by the hon. member for Rosetown-Biggar in this house? I will read it. G. W. Thorn was reprimanded by the benchers on May 22, 1946, for neglect of his client and failure to reply to a complaint. There have been complaints of every conceivable nature against this man for years, justified from the point of view of the client and very detrimental to the profession as a whole, no one of which has been serious enough to warrant disciplinary action. Ever since he has been admitted there have been complaints, usually of sharp practice, cruel zeal in pursuing honest but poor debtors and excessive charges and generally taking advantage of poor and ignorant people. None of these have been formal complaints but have come to the notice of the secretary by letters and interviews.

As the hon. member for Rosetown-Biggar knows, Mr. Thorn is one of the biggest capitalistic lawyers in the city of Regina. He has got the first two dollars he ever made and owns a block and charges high rentals. That is the authority whom the leader of the C.C.F., who is out for social justice, gives to this House of Commons. I want to say that the statements made in Mr. Thorn's letter are absolutely untrue. There were eleven members elected at that time. We were elected as Independents and Progressives. There are many Liberals in this house who used to belong to the Progressive group. As a matter of fact there were 65 sitting in this House of Commons at one time, and one of them is now sitting in the Senate. In any event, that was the organization. Eleven were elected of whom I was one. The hon. member for Rosetown-Biggar was not elected. He was not even a candidate. He was only a member of the Progressive executive. He had no authority to dicker with anybody for a cabinet job because he was not elected. He was not elected for the city of Regina and never has been. He had to chase up to the city of Rosetown where there was a Progressive movement in order to get elected. Thank goodness I have been able to run in my own constituency, and whether I got beaten or elected I have always run in the same place. All he was told was that we, the elected members, would have to make a decision. And every one of the elected members there was elected in opposition to a Liberal. Our instructions were plain from our own committees and our own seats, and we followed them. We formed a coalition government, just as a coalition government had been formed in Manitoba, where even the C.C.F. joined in, and in British Columbia where they have a coalition today.

Now he says I wrecked the Conservative party. To my Conservative friends I say this, that I never heard one of the Conservative ministers with whom I was associated ever make any such statement, or even imply it. As a matter of fact, when it came to a general election, in accordance with my duty as a coalition member I spoke in more Conservative seats than any member of the government, apart from the premier and the Minister of Agriculture (Mr. Gardiner)—only he had a better organization than we had.

The only thing that did happen is that, without letting the government know—and remember this, that the hon. member for Rosetown-Biggar (Mr. Coldwell), who is flailing the Conservatives, took a job from the Conservatives in that very government

as a commissioner to inquire into the civil service, and was paid for his work. I have the figures here. He took that job, and then after the government was in he turned around and formed a labour party, without telling any of us and without suggesting that we were doing things wrong. It was easy to form a new party in Saskatchewan in those days, because we had drought over three-quarters of the province in four consecutive years. In addition to wheat being down to 22 cents a bushel, we had that drought. It was easy to form a party then, a despondent party. But you can see what happened since. Since we have had a Liberal government and prosperity the C.C.F. have waned in Saskatchewan. And that is a natural consequence.

But so far as the Conservatives are concerned I wish to say this—and the hon. member for Rosetown-Biggar well knows this—that when it came to the final analysis of that government, when we needed $3 million for relief, I was the member of that government chosen to come down to tangle with Mr. R. B. Bennett, and the one who managed to persuade him to pay $3 million, or our cheques would not have been cashed. I had to do that job.

I am pleased to say that a lot of Conservatives in Saskatchewan still appreciate the roads I built out there. Not only that, in my constituency when my candidature in this election was announced the Conservatives in my home city of Yorkton took down their bills and vacated their committee rooms. So I do not think the Conservatives felt quite as badly about me as the hon. member for Rosetown-Biggar would like to make out.

Then, in addition, I have not relied upon my statement in this matter. I have written giving the version that the hon. member for Rosetown-Biggar gave of this affair. I wrote to a C.C.F.'er who sat as a Progressive member then, and to two other independents of Conservative leanings. I have all those letters here. They show absolutely that what Mr. Thorn says is incorrect. I am prepared to table these letters, but under the rules of the house, namely citations 265 and 269, I cannot table them without unanimous consent.

Some hon. Members: Granted.

Some hon. Members: Agreed.

Mr. Deputy Speaker: Has the hon. member unanimous consent of the house?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Stewart (Yorkton): Now, the hon. member for Rosetown-Biggar has not always thought ill of me, apparently, according to what he said in the legislature. I do not know whether his great zeal to make a point out of the Minister of Agriculture led him astray or not. However, I have here an issue of the Yorkton *Enterprise* in which reference is made to the Theodore meeting of October 17, 1938, wherein the hon. member for Rosetown-Biggar said—and this was 1938, long after I am supposed to have done these things to some people in Regina—that I was one of the best Progressives in the west. And if he likes I will quote the whole article—

An hon. Member: Let us have it.

Mr. Stewart (Yorkton): Here is what he says—and I do not want to take up too much time on this, because there is a lot more. This is the quotation from the *Enterprise*, the editor of which, incidentally, is a cousin of the Minister of Fisheries. He says:

> A year ago when M. J. Coldwell, national leader of the C.C.F. party, spoke in Yorkton in the interests of A. P. Swallow in the provincial election, I put this question to Mr. Coldwell at the conclusion of his address:
>
> "In your public appearances in Yorkton has The *Enterprise* 'covered' your addresses fully and fairly?"
>
> Mr. Coldwell replied:
>
> "The *Enterprise* is one of the few papers in Canada which invariably reports me fully, accurately and at length."

All right; now they quote you at length. Kenny goes on to say:

> I was at Theodore on October 17, 1938, when the C.C.F. held their convention. They tried to nominate in the afternoon but couldn't make a decision. Charles Beck, Senior, was an exponent of Social Credit in those days. Mr. Coldwell admitted he would like—

And the Social Crediters will enjoy this—

> —to see the convention choose a fusion candidate. He felt the Social Credit was O.K., but William Aberhart apparently didn't like the C.C.F. . . . Speaking in support of the C.C.F., Jacob Benson, C.C.F., M.L.A. for Last Mountain who had previously been the C.C.F. candidate in the Yorkton constituency, said in part:
>
> "I am glad to be here associated on this platform with Carl Stewart. I had the honour of sitting with him in the legislature. I said once in Yorkton and I repeat it here tonight I cannot understand why they defeated Mr. Stewart in 1934 because he did more for Yorkton in his five years in Regina than was done by all his predecessors for Yorkton in the legislature."

Then, we will get to the more interesting part—because the C.C.F. have claimed I am really C.C.F. sometimes. This speaks about fusion. This editorial continues:

> Mr. Stewart was in a virtual hive of C.C.F.'ers that night. Here is what he said:
>
> "Some say I am riding three horses. As a matter of fact, six horses came all harnessed up for me before the election began. I am not bound to any political party. My father was a Liberal and my mother a Conservative and I am a Progressive."

I think between the two of them they made an independent—but one should not say that.

> "I do not believe that people are so much concerned with the name of a party as they are with action."

And just who were those C.C.F. that sat on the platform and applauded this statement by Mr. Stewart? M. J. Coldwell, national leader of the C.C.F.; G. H. Castleden, the C.C.F. nominee for Yorkton; Jacob Benson, C.C.F. member for Last Mountain—

And so on.

And what was it again these people wanted? Remember their two, and only two, resolutions? They said give us $1.03 a bushel for our No. 1 Northern wheat f.o.b. Fort William and $6 per cultivated acre for lands which do not produce either because of crop failure or crop curtailment policy.

That is the report of that meeting. In addition, when I decided to quit running it was because they had completely undermined my organization. I sat in the following legislature as an independent alongside C.C.F.'ers for five years. During that time I went after the C.C.F.—it is all on record. I could not see their policy on socialism. While I sat in opposition to the Liberal party, I could not follow the other policy of the C.C.F. I could not follow them fully. The papers in our province were filled with what I had said at that time about the C.C.F.

I went back to my constituency and called a special meeting because I wanted to clean this all up so that it would not come up again. At that meeting I gave the complete history to the people of my constituency. At that meeting were seven of the C.C.F. executive. Then I left the meeting and told them to decide from the record what they would do. That meeting, which included seven of the C.C.F. executive, voted unanimously in approval of what I had done during the five years in the legislature. I thought that that was the democratic thing to do when I decided to quit.

The C.C.F. said that I could go to their convention and speak. I said that I could not, that I could only tell them what I had said before, that I am not a believer in all-out socialism. I believe in reform and I think every good Liberal believes in reform. The C.C.F. simply said, "All you have to do is to sign a membership card and you can get in." I said that would be all right provided it did not bind me to anything. They were going to allow me to speak to the convention, the local group.

The fact is that they would not do that even if you paid them a dollar. I could not even get in to the C.C.F. meeting. My hon. friends in the C.C.F. can have such chaps as Richards of The Pas and these other fellows whom they keep on hand right up to the federal elections and then they call them communists and kick them out. That is just the difference. The C.C.F. meetings are closed meetings. You have to pass their doors almost as you would pass through the doors of the Kremlin.

[Mr. Stewart (Yorkton).]

Mr. Speaker: I must inform the hon. member that his time has expired.

Some hon. Members: Go ahead.

Mr. Knowles: Mr. Speaker, I object to further time being granted and I rise on a point of order.

An hon. Member: We will remember that.

Mr. Stewart (Yorkton): That is all right; I will have another forty minutes later on.

An hon. Member: Go ahead.

Mr. Knowles: The point of order has to do with the documents which the hon. member asked to table during the course of his remarks. I was not clear from the way those documents went back and forth from one table to the other whether they were being tabled as parliamentary documents or whether they were being placed on *Hansard*. If they were being placed on *Hansard* there were several of us who shouted "No", so the hon. member did not have unanimous consent to place those letters or documents on *Hansard*.

So far as the tabling of documents is concerned, I would call attention to citation 316 of Beauchesne, second edition, which says:

The same rule—

That is the rule having to do with the tabling of documents.

—however, cannot be held to apply to private letters or memoranda.

The last sentence reads:

Lord Robert Cecil contended that the papers, having been cited, should be produced; but the Speaker declared that this rule applied to public documents only.

I know that on former occasions when hon. members have been asked to table documents and have consented to do so the former Clerk of the house returned them, stating that as they were private documents they could not be tabled. My point of order is twofold. I contend that if the hon. member was asking permission to table the documents he would be out of order. If he was asking that they be printed in *Hansard* I contend that that could not be done without unanimous consent.

Mr. Stewart (Yorkton): On the point of order, I looked at the hon. member for Rosetown-Biggar (Mr. Coldwell) when I suggested that they should be tabled, and the hon. member nodded his head. I took it for granted that there was no objection.

Mr. Knowles: The hon. member for Rosetown-Biggar said, "No".

Mr. Speaker: I do not know of any rule that permits documents such as the hon. member has mentioned to be tabled in the

house. My recollection is that the rule applying to the tabling of documents applies to public documents only.

Mr. Knowles: What about the request that they be placed on *Hansard*? Is it understood that the hon. member did not have unanimous consent for that?

An hon. Member: Yes, he did.

Mr. Speaker: If the hon. member for Winnipeg North Centre was in the house when the request was made to have the documents inserted in *Hansard* and did not agree, there would not be unanimous consent.

Mr. Knowles: I said, "No", and several of us here said, "No".

Mr. Gardiner: On the point of order, I have listened to all the discussion and the same thing happened as happens almost every time that extra time is asked for. When the request was made there were two members of the C.C.F. party who said, "No". I took the trouble of looking over there at the time and both hon. members were smiling. When it was suggested again that the house give unanimous consent, no one said "No" the second time and the letters were presented to the Clerk and, I presume, are going to be printed. I submit for the consideration of my hon. friends that these things are done in order to save time. The hon. member would have a perfect right to speak again for forty minutes on the main motion when he could read the letters into *Hansard*. I would suggest that they be allowed to go in.

Mr. Coldwell: I do not mind whether these documents go into *Hansard*, but there is no doubt that when the request was made of the house the answer was "No". I do not know whether the minister listened the second time, but I heard hon. gentlemen near me say, "No" each time the question was asked.

Mr. Speaker: In view of what has been said by the right hon. Minister of Agriculture and the hon. member for Rosetown-Biggar may I consider that the hon. member now has unanimous consent to have these documents inserted in *Hansard*?

Some hon. Members: Agreed.

Mr. Stewart (Yorkton): The letters read as follows:

Invermay, Sask.,
10th October, 1949

A. C. Stewart, Esq., M.P.,
House of Commons,
Ottawa.

Dear Carl:

Your honourable friend went back twenty years to find a little dust so that he might make dirt out of it; but then he has spent most of his years word-mongering. "With words we govern men," said Disraeli, 'Tis too true; words, too often failing to square with facts, are the stock in trade of those who would hold arbitrary authority over others. You have the facts of the incident pretty well as they took place in Regina at the meeting referred to in your recent letter.

M. J. Coldwell was trying at that time to keep too many doors open to give anyone a dressing down; in fact he was almost brought in the back door as public service commissioner for Saskatchewan. Some of those who spoke on his behalf, and were supposed to know him better than you or I, said he could qualify under veterans preference, as he was a major; and that name his mammy gave him has fooled a lot of people since. To me he never was more than the chocolate major.

Kind regards to all and good luck,

Sincerely,

J. R. Taylor

Manitou Beach, Watrous, Sask.
October 15, 1949

A. C. Stewart, Esq., M.P.,
House of Commons,
Ottawa, Canada.

Dear Carl:

Yours of October 7 to hand, and I was indeed surprised to hear that Mr. M. J. Coldwell had quoted Mr. Thorn as to the inside discussions we had whilst deciding which would be our proper course to pursue as elected representatives.

My recollection of these discussions is to the effect that—and we Independents and Progressives were all agreed—the Liberal government at that date was to be defeated in the house on the first vote taken. This was the policy which we had been elected upon, and we were duty bound to act accordingly.

We undertook to listen to the advice of all those parties more or less interested, or thought they were interested in our behalf, but when it came down to the method of decisive action to be taken, it was only natural that we assumed this responsibility amongst ourselves rather than being influenced by any outside parties.

I have no recollection during all the time that I have known you—namely, some thirty years—of your ever having received a "dressing down" and remaining quiet thereafter. My impression was always that the greater the "dressing down," the greater retaliation undertaken. For that reason I cannot help but think that Mr. Thorn—or whoever made the statement—was in error.

Sorry you are working so hard. Hope it soon eases off for you. Am working pretty hard myself, but will soon be off for my annual holiday. We are starting out for the west coast, and then south. Not sure just where we will stop for the winter. Best wishes and take care of yourself. Am feeling good myself but need a long rest.

Yours sincerely,

R. Stipe, M.D.

Creelman, October 16, 1949

A. C. Stewart, Esq., K.C., M.P.,
House of Commons,
Ottawa.

Dear A. C.:

Your letter received, and I may say that my memory is none too good for events of far more recent date than those referred to in your letter. However, as I recollect, paragraphs 3 and 4 are about as it happened. I don't remember any "calling down" that you got; for the rest I couldn't say.

With regard to the charge that you were responsible for the wreck of the Conservative party, that is something that shouldn't bother you too much in your present position.

Well, how are your wife and family? What are the boys doing? They were great little scrappers. I am enjoying good health, and wife and seven of a family all well and doing well.

Glad to hear from you again.

Yours truly,

S. Horner

Mr. Speaker: May I point out that a point of order should be raised at the time the irregularity complained of is taking place. We have been discussing whether or not the hon. member had unanimous consent to do something which took place about fifteen minutes ago. If the point of order had been raised at that time it would have been much easier for the Speaker to decide whether the hon. member had unanimous consent. I mention this so that in future we shall not have this difficulty. I repeat that the point of order should be raised at the time objection is raised, and not afterward. See Beauchesne, third edition, paragraph 261.

Mr. Knowles: On a question of privilege, may I say that I agree fully with what Your Honour has said, but the difficulty was that it was uncertain whether the hon. member was asking to table the documents or to have them placed on *Hansard*. We could not tell because they were being carried back and forth between the table of the house and the *Hansard* desk.

Mr. Speaker: The point of order could have been taken at that time.

Mr. Knowles: I agree.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

PRAIRIE TRANSMISSION LINES LIMITED

Mr. W. M. Benidickson (Kenora-Rainy River) moved the second reading of Bill No. 119, to incorporate Prairie Transmission Lines Limited.

Mr. Cruickshank: Explain, please.

Mr. Benidickson: In moving second reading of the bill, I think some explanation should be given to the house. Most hon. members who were here in the last parliament will recall that the house took certain action with respect to the many companies that were coming forward with plans for the development of the greatly expanding oil industry in Alberta. At the last session the house passed the Pipe Lines Act. This laid down the principle that any company desirous of having an interprovincial or international pipe line would be obliged to follow. Hon. members will recall that it was laid down, as far as this parliament was concerned, that jurisdiction in that respect would be given to the Board of Transport Commissioners for Canada.

At the last session of parliament several bills incorporating companies under the provisions of the Pipe Lines Act were passed. Some of those were for the transmission of oil and some for the transmission of natural gas. The terms of the present bill are almost identical with those of a bill sponsored at the last session by the hon. member for Fraser Valley (Mr. Cruickshank), namely, Westcoast Transmission Company Limited. Those who were members of the house at that time will recall that considerable concessions were given to the sponsor of the bill and to those associated with the company during the last stages of that session, in that the rules of the house were waived for its rapid passage. I want to point out that the powers requested in the bill of which I am now moving second reading, namely, Prairie Transmission Lines Limited, are identical with the powers asked for in the other bill I have mentioned.

I wish to make it clear that the passing of this bill does not in any way establish routes for the transmission lines for this company. As I say, as far as federal jurisdiction is concerned, under the direction of this parliament it was ordered in the last session that routes must be decided upon by the board of transport commissioners. I think hon. members are also aware that public interest is additionally protected in that the province of Alberta has established most effective control now of its natural resources in the form of oil and natural gas.

In the light of developments in that province, the Alberta government last year passed an important and effective act entitled "An Act to Provide for the Preservation, Conservation and Effective Utilization of the Gas Resources of the Province". I am not going to go into it in detail because I imagine that, if the present bill is proceeded with and we are able to examine the petitioners in one of our committees, hon. members of that committee will want to give the Alberta act considerable attention. I may say in passing that the Alberta government has the most direct control of the export of oil or natural gas from that province.

If we are to take the precedent of the case of the Interprovincial Pipe Line Company, the board of transport commissioners have taken the stand that, before anybody can come before it and secure authority under the Pipe Lines Act, he must produce evidence that he has satisfied the petroleum and natural gas conservation board of Alberta, and that

that board has satisfied itself that there is a surplus of gas in the province for export and has given authority to the corporation to export gas therefrom. In that connection I should like to read one of the sections of the Alberta act which I think will indicate to hon. members the effective control that has been established, and quite properly so, in that province. Subsection 2 of section 7 of the Alberta act reads:

> The board shall not grant a permit for the removal of any gas from the province unless such gas is, in the opinion of the board, surplus to the present and future needs of the people of the province.

In addition, hon. members are probably aware that a further public control is established at the dominion level in that any person desiring to deal in oil or natural gas in an interprovincial or international way must obtain from the Department of Trade and Commerce another permit under the Electricity and Fluid Exportation Act. This is an additional public control. Therefore I say all that is sought in the bill is the right of this group to have corporate status, which this parliament has said they must have by act of parliament, and which is required before they can go to the Alberta board for the right to export and in turn go to the Board of Transport Commissioners for Canada.

I should like to inform the house that the bill has nothing to do with routes. There is nothing in it that establishes a route. I am advised by the group of Canadians who are associated with this company that they are most anxious to emphasize in the first place the maintenance of ownership of the project in Canada, and in the second place that they are prepared to do whatever it is ordered they shall do by either the public body of Alberta or the public body of the dominion —the board of transport commissioners, as far as the route is concerned. The incorporators are anxious to get into this line of business. Before they can do so, parliament has said that they must have corporate status, and that is all that is being asked.

As further evidence that there is no attempt in this measure to interfere with the desires and the rights of the province of Alberta, where these resources lie, I should like to place on the record a telegram that was sent to the premier of Alberta, when a similar bill was being considered in the other place. This telegram was sent by Senator Turgeon on October 17 to Premier Manning of Alberta, and reads as follows:

> I should be glad to have answers to following questions as sponsor of the Alberta Natural Gas Company bill asking for charter enabling company to apply to board of transport commissioners, also the government of Alberta and the government of Canada for authority to export gas from Alberta to Vancouver, British Columbia and other parts of Canada and to the United States. Question No. 1: Is the government of Alberta opposed to the incorporation by the parliament of Canada under provisions of the Pipe Lines Act of the Alberta Natural Gas Company or any other bona fide company seeking power to build a pipe line under the Pipe Lines Act? The answer to this question would be based on the assumption that the ultimate intention of such company, after receiving due federal and provincial authorization, is to supply natural gas from Alberta to consumers in British Columbia, and any surplus supply would go to consumers in the United States Pacific northwest. Question No. 2: Has the Alberta government decided to prohibit the export of natural gas from any particular area or sections of the province of Alberta? Question No. 3: What is the general policy of your government in regard to export of gas from Alberta? I would greatly appreciate receiving reply today Monday.

Premier Manning replied on October 17 as follows:

> Replying to your telegram October seventeenth, the following are the answers to the questions as enumerated in your wire. Answer to question No. 1: The Alberta government is not opposed to the incorporation of the Alberta Natural Gas Company or any other bona fide company under provisions of Pipe Lines Act, but on the contrary, feels very strongly that no bona fide company should be refused incorporation in that refusal would deprive the province of its right to deal with any or all legitimate companies interested in exporting gas and would restrict such dealings to those particular companies favoured by parliament for incorporation. Answer to question number two, the Alberta government has not decided to prohibit the export of gas from any particular area of the province but has announced that it will not approve the export of any gas until fully satisfied that there are sufficient available reserves to meet the present and future domestic and industrial requirements of Alberta. The discovery of new reserves and or integration of present fields could completely change the prevailing situation in any particular area. Answer to question number three, the policy of the Alberta government respecting the export of natural gas is threefold, first to prohibit any export until fully satisfied that there are sufficient available reserves to meet Alberta's present and future domestic and industrial requirements; second, when satisfied that surplus exists over and above these requirements sufficient to justify export under sound conservation and proration practices the government will approve the export of such surplus with each application being considered on its own merits and in the light of all prevailing factors; third, it will be a condition of any export permit that Canadian requirements must be given first priority.

I read this into the record to assure hon. members that the public interest is being protected at the provincial level in Alberta. What is required here is simply the granting to this company of a right similar to that which has been given to other companies, to go before the Alberta board and find out when they and others will receive attention for the request to export gas and oil from that province.

If we were to follow the procedure of last session, a bill of this type would be referred to the committee on railways, canals and telegraph lines. It would be my hope that after second reading that procedure would be followed now. At that time the officers of

the company, including its technical advisers, engineers and the like, could be examined by the members of this house. They would be in a position to give any details connected with the company's plan.

The point I wish to emphasize is that this parliament has already authorized certain companies to proceed to corporate status in order to do the same thing this company proposes to do. I say I think it would be contrary to the public interest if there were any tendency to close off the granting of rights to companies such as those granted required corporate status in the late stages of the last parliament, leaving those few companies in the position of holding a monopoly. That would be avoided, Mr. Manning says, by giving the greatest number of companies the opportunity of presenting their proposals to the conservation board in Alberta. That board, together with the board of transport commissioners and the officials of the Department of Trade and Commerce, acting under the Electricity and Fluid Exportation Act, could then decide what was in the public interest as between the various companies who might have schemes for the development of these important resources in the province of Alberta.

Mr. Cruickshank: Might I ask the hon. member a question? I congratulate him on his very able presentation of a poor cause. The hon. member said that the bill I happened to have the privilege of sponsoring last year was similar to his bill. It was the only bill before the parliament of Canada for an all-Canadian route, and I should like him to tell me where the similarity is in the two bills.

Mr. Benidickson: In answer to the hon. member for Fraser Valley (Mr. Cruickshank), in the section of the bill that outlines the authority the company is seeking from this parliament, and which, in the case of the Westcoast Transmission Company bill sponsored by my learned friend, is section 6, and with respect to the bill I am sponsoring is also section 6, the words are identical. Both sections include the authority "to have pipe lines; to sell, convey or otherwise dispose of and turn to account, any and all interprovincial or international pipe lines."

I would also advise my hon. friend from Fraser Valley that shortly after the bill he sponsored was passed in this house, on May 11, 1949, an application was filed with the board of transport commissioners by the Westcoast Transmission Company, and on a map they indicated their desire for authority to take gas and oil from Edmonton to Macleod and down to the border. There was an extension shown on the map filed with that application which would indicate the company had some further plans with respect to the United States. The board of transport commissioners, of course, only has jurisdiction with respect to the Canadian territory.

Mr. Cruickshank: I appreciate very much the honour my friend accorded me when he called me his "learned friend." I would not go quite that far. There are one or two questions I should like to ask the hon. member. Are the directors of the company now being sponsored, the Prairie Transmission Lines Limited, citizens either of the province of Alberta which is going to supply this gas or the province of British Columbia which will derive the benefit of it?

Mr. Benidickson: It is rather difficult for me to answer questions at this stage of the bill. I believe the member for Fraser Valley could get this information more properly either when we reach committee of the whole or in a standing committee to which the bill might be referred. I may tell my hon. friend, however, that there are some very well known and highly thought of persons in the province of Alberta who are interested in this bill. On the spur of the moment, I can think of Mr. Bruce Smith, K.C.; Mr. Walter Sprague; Mr. Murray Montague and Mr. Hales Ross, all of Edmonton, as Alberta persons interested in this bill.

Mr. Cruickshank: I did not question the integrity—

Mr. Wylie: This is not the question.

Mr. Cruickshank: I am just doing a little questioning.

Mr. Speaker: Order. The hon. member may ask questions of a member who previously had the floor, with the consent of that member. I understood the hon. member to say that he thought the questions should be asked in committee. If he does not agree to answer the questions now, it is out of order to ask them.

Mr. Cruickshank: Am I to understand that the member sponsoring this bill is not prepared to answer questions concerning a non-Canadian route as compared with an all-Canadian route, now or at any time?

Mr. Benidickson: I am only too pleased to abide by the rules or, with the consent of the house, to answer my hon. friend now. I must remind him, of course, that when he sponsored the Westcoast Transmission bill to which he has referred he made no word of explanation to the house as to the purpose of the bill nor was he asked any questions.

Mr. W. D. Wylie (Medicine Hat): I should like to say a few words about this bill. As you know, the city of Medicine Hat is vitally

interested in the natural gas in this country. I am becoming just a little confused by all the bills that are being presented to this house. At the last session of parliament a bill was passed concerning the Westcoast Transmission Company. Last week we discussed another bill concerning the Alberta Natural Gas Company. Tonight there is a bill to incorporate the Prairie Transmission Lines Limited. Just where we are going to get off at, I do not know. I agree with the telegram that was read by the hon. member for Kenora-Rainy River (Mr. Benidickson). I agree with the reply from the premier of our province. I was going to put it on *Hansard* tonight if the hon. member had not done so. I feel, however, that this is something that should receive serious consideration; I think perhaps it should receive more consideration than a bill coming into this house every week.

To review part of the history of natural gas in Alberta, may I say this. The first gas well in Medicine Hat was drilled in 1883. I believe that Medicine Hat, in the southern part of the province, was the first city in Alberta to discover gas. I am sure some hon. member will correct me if I am wrong in that statement, but I believe that I am right. The discovery of gas in Medicine Hat was unique. It may be recalled to many hon. members here that a portion of the south Saskatchewan river never froze up during any winter, and that when someone went up to this opening in the river and lit a match to light a cigarette, it went into flames. I may say further that in the early days of Medicine Hat and the south country many people, when they went on a picnic, took along a shovel, dug into the ground about four or five feet, lit a match, and they had natural gas with which to cook their meals.

Today the situation is changed. We in the southeastern and southern part of the province believe that we have sufficient gas for our heating, our cooking and our industries for quite a number of years. But it must also be remembered that at the present time Medicine Hat is drilling wells nine miles from the city limits. What does that mean? It means only one thing, Mr. Speaker. It means that the pressure in our gas wells is being reduced. It means that the residents of Medicine Hat must pay more in the way of taxes in order to get, as an hon member said the other night, our cheap fuel. That goes to show that we must be extremely careful about the exportation of any gas from the southern part of our province.

It is true that in the northern part of Alberta we have many fields that are not yet explored. But it must also be remembered that, before any gas line goes through any part of the United States to heat the city of Vancouver, we must be prepared to look after our own heating needs and the present and future needs of our industries.

In the city of Medicine Hat today we have only about four lights burning all day long. No doubt many members in this house will recall articles they have read to the effect that Medicine Hat was the only city in Canada which had lights burning twenty-four hours of the day. The reason those lights were left on all day was that it cost too much to put them out; it was cheaper to let them burn. The only lights we have burning all day in Medicine Hat are about three at the C.P.R. station. I am speaking about natural gas lights. All the others have been replaced by electricity. Any time that any dignitary came to our city, the first thing we thought of was blowing off a gas well, in order to show him what we had in the city of Medicine Hat. Under the gas conservation board, which I certainly believe in and which I think we should have had many years ago, there is no more blowing off of gas wells. You may recall, Mr. Speaker, the flares that we had in Turner valley. When I was with the Department of Agriculture years ago, I can remember sleeping on top of the hill at Cochrane, northwest of Calgary, which is well known to the hon. member for Calgary West (Mr. Smith). You could see that flare for miles. We now have no more flares. It must also be remembered that the burning of those flares reduced our oil production. It must be remembered that maybe ninety per cent of the possible oil production of Turner valley is still in the Turner valley field owing to the waste of gas in years gone by. That is rather hard to believe.

I might mention Bow Island, a small town between Lethbridge and Medicine Hat. In the early days Bow Island had an abundance of gas. What is happening at the present time in the Bow Island field? That field is being repressured from the Turner valley field. Those are things that many people do not realize but the citizens of that area realize them. We in a city like Medicine Hat certainly realize them, because we depend on the production of natural gas for our livelihood. If it were not for natural gas in Medicine Hat where would Medicine Hat be? An hon. gentleman says that we would be in the dark. I say quite definitely that is so, but may I say to that hon. gentleman and to every other hon. member that if it were not for natural gas there would not be any city of Medicine Hat. We have no farming community around Medicine Hat sufficiently large to support a city of 15,000 or 16,000 people. There is no need for me to go into that, because I have spoken on irrigation every

time I have risen in the house, and I do not know why I am not speaking on irrigation now. However, this is a natural gas bill.

Mr. Knowles: It is a pipe line; you can run water through it.

Mr. Wylie: It is true, as the hon. member says, that it is a pipe line and we might run water through it. I wish we had some pipes to run some water through them. I hope that the Minister of Agriculture (Mr. Gardiner), in his sojourn in the west during the last two weeks, has seen fit to bring water through some of these pipe lines.

Getting back to natural gas, may I say that we in that south country believe we should protect the industries that we have in southern Alberta. We believe that we should protect the industries that we expect to have in the near future. Before we ship natural gas outside Canada we must supply our own people. Whether this company intends to go beyond the borders of Canada I do not know. I do not believe it was stated by the hon. member who introduced the bill. When these bills are introduced we should know whether the gas is to be exported beyond the borders of our own country, or whether it is to stay within our borders. That is one statement that should be made when the bills are introduced. If we have an abundance of gas we should use it in this country for the benefit of our own citizens. When we have a surplus of gas we might discuss exporting it. Until we are in a position to do that, we should keep it inside the borders of this country.

Mr. Pouliot: How can you establish that you have a surplus of gas?

Mr. Wylie: I am glad that the hon. member for Temiscouata brought up that question. I was just about to deal with it but I did not know how to approach it. Now that the hon. member has asked the question may I say I believe, and everyone in Alberta believes, that if we have a surplus of natural gas we should export it. Up to the present time we have no experts to tell us that we shall have a surplus of gas. Until that is done we should look after our own industries and our own requirements first. In saying that, I do not mean that we should keep it in Alberta. The hon. member for Comox-Alberni (Mr. Gibson) is just a little bit jealous of our natural gas.

Mr. Pouliot: Give him the surplus you have.

Mr. Wylie: No doubt, Mr. Speaker, anyone who is in the lumber business and produces sawdust for heating would want to protect the industry. May I say to the hon. member that if he ever tried natural gas he would never go back to sawdust.

[Mr. Wylie.]

Statements are made in the house that we in the west are enjoying cheap natural gas at the expense of the rest of Canada. I do not agree entirely with that statement. It is true that we are enjoying natural gas at a cheap rate. I say that we are very fortunate to be living in Alberta.

Mr. Gibson (Comox-Alberni): And that they exported the hon. member.

Mr. Wylie: In spite of the remarks of the hon. member for Comox-Alberni we are glad to live in Alberta and that he lives in British Columbia. What is the situation in the south country, not only in Medicine Hat but in Lethbridge and Calgary?—I might say even in Red Deer. I could go further north than that. I could go to Edmonton. I could cover all the small towns east of Edmonton down to Camrose from which my good friend comes and perhaps down to Vegreville. They are all supplied with natural gas, not the kind of gas hon. members are thinking of. Natural gas is one product that we in Alberta must protect.

Mr. Pouliot: Will the hon. member please give me a definition of natural gas? Tell us the quantity and give us an idea of the reserves.

Mr. Knowles: Definition or exhibition?

Mr. Pouliot: The number of gallons that could be used in future years.

Some hon. Members: Gallons?

Mr. Wylie: I have no better definition of natural gas than the hon. member for Temiscouata.

Some hon. Members: Oh, oh.

Mr. Pouliot: I am not talking about it; I am asking for information.

Mr. Wylie: You have got the information. May I say that all we need to do in this south country, in the city of Medicine Hat or the adjoining country, is to drill a well in the ground about 1,000 feet deep and we have a gas well. Every once in a while if you wish to make a blow-off, just ask the hon. member for Temiscouata (Mr. Pouliot).

But, seriously, getting back to this pipe line bill—

Mr. Pouliot: Are you for or against the bill?

Mr. Wylie: I am for the bill. One thing I do believe in is this: I believe in private enterprise, right to its roots. Why should any company have a monopoly on the export of gas from our wonderful province? If any hon. members want to introduce a bill to incorporate a company, that is certainly their privilege. I would not object to it; but I do

object to the export of natural gas from Canada until everyone in the country has been supplied with it.

Mr. Gibson (Comox-Alberni): That is what your premier said.

Mr. Wylie: We must look after the future requirements of our country. So that in answer to my hon. friend—

Mr. Pouliot: Which one?

Mr. Wylie: The hon. member for Temiscouata. He has asked if I am opposed to this bill, and I say that I am not. I believe we should have two or three companies in the field, because competition is what we all want, I hope.

Mr. MacInnis: What a hope!

Mr. Wylie: We certainly do not want to permit any one company to have a monopoly. About this bill I have only one thing to say and it is this—

An hon. Member: Nine o'clock.

Mr. Wylie: I can talk till nine o'clock if you want me to.

Mr. Cruickshank: You are doing a good job; keep going.

Mr. Speaker: Order.

Mr. Wylie: I do not oppose the bill.

Some hon. Members: Oh, oh.

Mr. Wylie: You may laugh if you like; you may think that because I am speaking I am opposing it. In that you are wrong. But I believe in competition, and I am trying to tell the house that we have a situation we must protect. The situation in Alberta today is worth the serious consideration of the House of Commons and the other place.

The fact that some of these bills may pass the other place is no reason why they should pass here without consideration. We must look after the needs of our own people, and must not export natural gas to any other country until Canadian requirements are met. When I refer to Canadian requirements I do not mean the east or the west: I mean both.

I will support the bill—

Mr. Cruickshank: Why?

Mr. Wylie: Why not?

Mr. Gibson (Comox-Alberni): Let's toss a coin.

Mr. Wylie: May I say to the hon. member for Fraser Valley (Mr. Cruickshank), who is supposed to be a good Liberal—

Mr. Fraser: "Supposed" to be?

Mr. Wylie: Just how good, I don't know; but he believes in competition. I do not believe in monopoly, and it is for that reason I give my support to the bill—and to the bill which was up last week. I propose, too, to support the bill concerning the Westcoast Transmission Company.

Mr. Speaker: Order. There is only one bill before the house.

Mr. Wylie: Those are the three bills I am glad to support. I am sorry to have transgressed the rule, and am glad Your Honour has corrected me. My support is given because I believe in competition. If we gave only one company the right to transport our gas we do not know what the poor people at the end of the line would have to pay for it, while we in Alberta would be getting cheap gas.

Mr. Cruickshank: Would you believe in an all-Canadian route?

Mr. Wylie: Yes, I do.

Mr. Cruickshank: Why?

Mr. Wylie: Why not?

Mr. Knowles: The effects of this gas are becoming apparent.

Mr. Cruickshank: I want only ten minutes of explanation.

Mr. Wylie: You will have your ten minutes when I have finished.

Mr. Cruickshank: Keep going.

Mr. Wylie: But I am glad the hon. member for Fraser Valley has brought up that point, because I do support an all-Canadian route.

Mr. Cruickshank: Why?

Mr. Wylie: If you had listened to my speech you would have known why, without asking the question. I have always supported an all-Canadian route for any pipe line. I have said more than once that I believe our own people should be supplied first with natural gas, and that only the surplus should be exported. I am sure the hon. member must have heard that, and I am surprised at his asking the question. I hope the hon. member will support me in the contention that no natural gas should leave Alberta or Canada until we are satisfied that our present and future requirements are filled.

Mr. T. L. Church (Broadview): Mr. Speaker, after the very fine speech of the hon. member who has just taken his seat there remains very little for me to say. Governments begin to die the moment they are born, and this bill is a demonstration of that principle.

In the debate on second reading one is not permitted to discuss the various sections of a

bill but is limited to the principle. It is difficult to limit oneself in that way. No village council would operate in this haphazard fashion in respect of a natural resource belonging to that village. Fortunately the position indicated here did not obtain in connection with the power development in the Niagara district. A section was inserted in the municipal act requiring a vote of the people.

I am surprised to see this high court of parliament attempting to pass this bill tonight. Only a few days ago we had an important discussion concerning our forests. We have parted with our natural resources in a frivolous manner. I am surprised that this bill does not take over the heavens above, the earth below and the waters under the earth. Nothing seems to be left out of the statute. There is general legislation known as the Pipe Lines Act, but in my opinion it should be called the pipe dream act. That would be a far better title for it because that is just what it is.

How does it come about that this particular bill was introduced in another place without any discussion? There were only five or six words said in the other place on this particular bill. This bill seeks to give away the natural resources of this country. It strikes me as being funny that a minister of the crown or an hon. member who is going to be a minister should introduce this particular form of bill.

We cannot refer to the sections of the bill on the motion for second reading, but I must say that this bill is different from any I have ever seen and I have been a member of this house for some few years. The bill seeks to incorporate the Alberta Natural Gas Company, but it is not limited to that. It deals with 75 to 100 other matters. I am precluded from mentioning individual sections, but one section of this bill seeks to set this company outside the provisions of the Companies Act. An attempt is being made to make this a special act. It is proposed that the company shall not be subject to the provisions of sections 158, 163, 180 and 190 of part III of the Companies Act.

They are seeking by a private bill to do something which is the most ridiculous proposition I have ever heard put forth in this house of parliament. In addition they are trying to take this company out of the Companies Act and many other statutes. Two of the incorporators of the company live in Ottawa, and why not? The third incorporator lives in Wilmington, Delaware. Ottawa is a good place for an incorporator to live in who is seeking almost everything.

Mr. Benidickson: On a point of order, the hon. member is referring to a bill which was introduced last Friday evening by another member, a bill to incorporate Alberta Natural Gas Company. From what I have heard of the hon. gentleman's remarks, they do not apply in any way to the bill that I am introducing.

Mr. Cruickshank: I think the hon. member has been referring to both bills.

Mr. Church: The hon. member represents a northern Ontario riding, but let me tell him that I remember back in 1909 and 1910 when Sir James Whitney made a great mistake in connection with northern Ontario when he refused to electrify the Temiskaming and Northern Ontario railroad. If that had been done, instead of power in that part of the country costing $60 per horsepower, it would have been available at much cheaper rates. The hon. member who has interrupted me is a very nice young gentleman; he is quite popular with his colleagues. If that great mistake had not been made the people in his part of the country would have had the joys of living instead of the different companies being owned holus-bolus by corporations in Montreal.

I asked a responsible minister if this bill was going to a committee, and he said it was. However, it went to a committee in another place and there was practically no discussion. The bill was read the third time and there were only nine or ten words of discussion on it. I am surprised at a bill being offered to this house that seeks to give away the natural resources of this country. There are some other matters I should like to refer to later and as it is nine o'clock I should like to move the adjournment of the debate.

Mr. Speaker: The hour for private and public bills having expired, the house will resume the business interrupted at six 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. Rowe, and the amendment to the amendment of Mr. Thatcher.

Mr. Victor Quelch (Acadia): Mr. Speaker, I intend to devote most of my time to a discussion of the international situation referred to by the Minister of Finance (Mr. Abbott) in his budget speech on Thursday, October 20. However, I should like first to comment briefly on the internal situation. A nation

cannot hope to solve its international problems unless it first sets its own house in order, that is unless it first establishes a balanced economy in which the purchasing power of the people is maintained at a level sufficiently high to buy the total production of the country. Then and only then will a nation be willing to accept freely imports from other nations in exchange for its exports.

Unfortunately that has not been the situation in the past. Invariably nations have endeavoured to maintain favourable balances of trade in order to maintain a high level of employment within the country. In other words, what they have really been trying to do is to lay their unemployment problems on the doorsteps of other nations. That has created a great deal of international friction.

That was the situation in Canada and in many other highly industrialized nations prior to the war. The war created a tremendous market for practically everything that could be produced, and we had a sellers' market after the war, owing to the great backlog of demand for both capital and consumer goods. Money remained plentiful in the post-war years largely because there was an accumulation of war savings, large sums of money were being paid out for reconversion, and large foreign credits were being granted.

But today we find the situation has changed considerably for the reason that the accumulation of savings, in so far as the people in the low-income groups are concerned, have largely been spent, that the reconversion program has been pretty well completed, and that foreign credits are largely exhausted. Marshall aid ends in 1952 and we find that the nations of Europe are doing everything in their power to establish balanced economies so that when Marshall aid ends they will be in position to pay for the imports they require.

In his speech the Minister of Finance (Mr. Abbott) referred to the high level of income, production and employment, but at the same time he warned that we cannot expect that high level to continue in the future. He warned that owing to the decline in international trade the high level of activity might not be maintained. The Minister of Trade and Commerce (Mr. Howe), speaking before the annual meeting of the exporters association at Montreal on he 20th of October, issued a similar warning Both the Minister of Finance and the Minister of Trade and Commerce have pointed out that for that reason the government have measures under consideration for the purpose of maintaining a high level of economic activity in the country. We in this group agree it is most necessary that the government keep in mind and have ready a program for the purpose of picking up any slack, but we are afraid that the program the government has in mind may not be adequate for the purpose of maintaining the purchasing power of the people at a level sufficiently high to buy the total production of the country and the imports that are brought in in exchange for exports. If the program is inadequate, then a recession will be inevitable.

I know that many people oppose the idea of the federal government going ahead with a program for the purpose of maintaining the purchasing power of the people, whether it be by national projects or other means. The reason they oppose the program is that they are afraid such a program will mean an increase in taxation. Obviously, if the purpose of the government program is to maintain the purchasing power of the people at a high level, that program cannot be financed in its entirety by taxation because an increase in taxation would reduce purchasing power and defeat the very thing that the government was trying to accomplish. For the same reason a program of that kind could not be financed by borrowing the savings of the people. Therefore we are interested in seeing that, when a program for the purpose of maintaining the purchasing power of the people is introduced, it will be financed in part at least by monetary expansion. It is interesting to note that, when the governor of the Bank of Canada made a broadcast on post-war finance on the program "The Shape of Things to Come", he frankly admitted that if a recession were to develop after the war it might be necessary to finance government projects in part at least by monetary expansion. The only point on which we would differ with the governor of the Bank of Canada would be that, if the government found it necessary to indulge in monetary expansion, the government should use national money, debt-free, instead of borrowing from the chartered banks.

I am not going to expand that point because the hon. member for Lethbridge (Mr. Blackmore) dealt with it very fully the other night. I want to turn to the international picture that the minister drew when he spoke in the house on the budget. I think it is most unfortunate that the Minister of Finance has created the impression in the past that the responsibility for solving the dollar crisis rests predominantly on Great Britain and the sterling area. In my opinion, nothing could be further from the truth. I think that the *Monetary Times* in their September issue dealt with the matter very effectively on page 10, where they said:

> If there is less than a complete realization of the jeopardy in which our overseas export trade stands today, the statesmen at Ottawa must assume some of the blame. Their utterances on the subject in recent months have often been less than candid.

Finance Minister Abbott's statement, following his return from London, that the dollar problem "is the problem of the United Kingdom and the other sterling countries", was more likely to lull than awaken Canadians to the fact that it affects them too. There appears to be an impression prevalent that Britain and the other countries in the sterling area must buy in North America or die. Such an assumption overlooks substantial evidence that Great Britain and her sterling associates can achieve viability by trading amongst themselves with very little dependence on North American produce. The bilateral deals which Britain has made with Australia and Argentina is positive proof of the trend in that direction. It is not wide of the mark to conclude that Canada would find it more embarrassing to lose its markets in the sterling area than it would be for other countries to forego our natural and manufactured products. It is foolhardy for Canadians to look on the dollar shortage as entirely the problem of the British and the commonwealth countries using sterling. The problem is as much ours as theirs and if this country is to avoid suffering grievously in loss of markets Canadians will have to put forth their best efforts to assist in finding a solution.

I think it is unfortunate that the government did not realize the truth of that statement in 1944 and 1945 when we were discussing port-war international trade problems. At that time the government insisted that the main responsibility for establishing a balance must rest with the debtor nation. Along with the United States of America they put heavy pressure upon Great Britain to sign international agreements which they must have known that Great Britain would never be able to comply with. Consequently step by step we have had to release Great Britain from a number of its commitments. I would say that unquestionably the main responsibility for solving the problem rests with the United States of America for the simple reason that the United States of America is the great creditor nation of the world. Unfortunately the pre-war record of the United States in this regard has not been a good one.

That was brought out very fully in 1945 in the evidence before the banking and commerce committee of the house at the time we were discussing the Bretton Woods agreement. Again quoting from the *Monetary Times*, page 14 of the August issue, we find a clear picture of the role that the United States has played and is playing as a creditor nation. I quote:

While Germany and Japan for the moment are prostrate, Britain is no better off since the United States has come forward to dominate the world trading scene. Larger, equally vigorous, and with infinitely superior techniques, America until very recently has been completely selfish in search of world trade, often completely ruthless. In her own way, she also is determined to rule by establishing a system which all others must adopt whether they like it or not.

I would say that was the very basis of the Bretton Woods agreement, and to a lesser degree of the Geneva trade agreement. Mr. Rasminsky, when he appeared as a witness before the banking and commerce committee in 1945, frankly admitted that the record of the United States as a creditor nation in the past had not been one to create confidence, but he stated that he believed that the United States since then had a change of heart. I would point out that it will require far more than a change of heart. It will require a fundamental change in policy; it will require a policy which recognizes the fact that international trade is an exchange of goods and services between nations on a basis of mutual advantage, and not merely an exchange of goods for money.

Mr. Blackmore: It will require a change of head as well as a change of heart.

Mr. Quelch: One of our main reasons for opposing the Bretton Woods agreement was that it had a definite pro creditor bias. Whilst it imposed penalties upon debtor nations unable to balance their payments with the fund, it placed practically no pressure whatsoever upon creditor nations. At that time we were told, so far as that was concerned, it would be looked after later on when international trade agreements were signed. We did have the Geneva trade agreement later. There may be some advantages contained in that agreement but, on the other hand, it embodies a policy known as a policy of non-discrimination which, in reality, is a very vicious policy of discrimination against an importing nation, especially a debtor nation. It definitely restricts that nation's right to determine its own source of supply.

I realize that it is often argued that nations did not have to sign the Bretton Woods agreement or the Geneva trade agreement if they did not wish to do so. They signed them voluntarily. On the other hand, let us not forget that those agreements were made the price that European nations had to pay in order to obtain post-war assistance. For instance, in order to obtain the benefits of the United States loan, Great Britain had to agree to convertibility of sterling in 1947. She had to agree to a policy of non-discrimination. I am satisfied that the people of Great Britain knew quite well they could not make convertibility work in 1947. I am certain also that the people of the United States knew Great Britain would not be able to do it.

What happened? The pound was made convertible in 1947 and in a few weeks Britain was forced off convertibility. In the meantime, serious damage had been done to her trade. So far as non-discrimination is concerned, a policy of that kind is bound to have

a restrictive effect upon trade. The London *Economist* puts it very clearly in the issue of August 7, 1949.

So long as dollars are a hard currency, some degree of discrimination is inevitable. To insist on complete non-discrimination is, in these circumstances, to insist that all commercial exchanges shall proceed at the pace of the slowest.

I think that is self-explanatory. If a nation has a favourable balance of trade with one nation and an unfavourable balance of trade with another nation, the logical thing for that nation to do is to restrict its imports from the nation with which it has the unfavourable balance and to expand its imports from that nation with which it has a favourable balance. Under the non-discrimination clause of the Geneva trade agreement, if that nation restricts its imports from one nation it is compelled to restrict those imports from all other nations, whether or not it has an unfavourable balance of trade. True, there are escape clauses but they expire within a year or two. The nations realize that and are doing everything in their power to get their trade balanced before that time comes.

Ever since the war this group has insisted that creditor nations must accept payment in goods. In the past we have criticized Canada's policy of demanding payment in dollars for exports to the sterling area instead of taking goods. We have warned that the result of the government's policy of insisting on payment in dollars from the sterling area was bound, in the future, to breed a policy of economic nationalism within the sterling area and a consequent loss of markets to Canada. It is interesting to note the extent to which that has already taken place. I have in my hand a copy of "Foreign Trade" dated August 27, 1949. On page 350, we find these words:

London, July 27, 1949: Results of the policy of substituting soft currency countries for dollar countries as sources of supply for imports into the United Kingdom are apparent from the trade returns for the first six months of the current calendar year. Typical Canadian products like oats, beef, poultry, apples, canned tomatoes, canned salmon, chilled and frozen fish and linseed oil have disappeared entirely from the list of imported commodities.

Note that practically all those commodities are agricultural ones.

The same article continues:

The same influences have reduced imports of flour, eggs (shell, liquid, and dried), bacon, sausage skins, asbestos, lumber, furs, mechanical pulp, seeds, rubber footwear, leather, chemicals, paperboard, kraft paper and refined copper.

There is a list of over twenty-five commodities. Then the writer points out a list of some eleven which have increased, but the reductions are many times greater than the increases.

Of course that situation, Mr. Speaker, was bound to develop. As long as Canada demands payment in dollars instead of being willing to accept imports, then Britain and the sterling area lacking dollars are, of course, compelled to get their imports from those countries that are willing to buy from them. In the same way, of course, either the United States will have to buy more from Canada or, on the other hand, we shall have to buy less from the United States.

I know it is argued that the United States cannot possibly consume its total production and therefore has to export more than it buys. There, again, I think the London *Economist* sets out that situation quite well in its issue of September 3, 1949.

If the U.S.A. insists on producing more than it consumes and investing less at home than it saves, then it should lend abroad until a higher level of consumption is attained at home.

I believe that is self-explanatory. Let me point this out, however, that foreign investment is not the long-term solution. It is only a temporary one. If you have a favourable balance of trade with a nation and you therefore carry on a large degree of foreign investment in that country, the time will come when you will actually have to accept more imports than you export in order to accept payment for the interest on your investment. The last stage, therefore, will be worse than the first. For this reason foreign investment cannot be looked upon as the solution to an unbalance of international payments.

Of course, Canada faces an entirely different situation from that of the United States. The United States has an extremely large over-all balance of payments. Last year, it was approximately six billion dollars. In a special report issued by ECA, I notice that since 1914 the United States has had a favourable balance of trade of over $108 billion. It has been the consistent practice of that country in the past to export more than she buys.

Canada is, of course, in an entirely different situation today. We only have a very small over-all balance. We have a large deficit with the United States and a large surplus with the sterling area. Apparently the government is at last beginning to realize that there is some truth in the principle affirmed by this group in the past, that Canada must be prepared to accept imports in exchange for exports instead of demanding dollars from the sterling area in order to pay our deficit to the United States. We must balance our trade unilaterally with the sterling area and unilaterally with the dollar area.

I believe the Minister of Trade and Commerce (Mr. Howe) has made that clear even though perhaps the Minister of Finance

(Mr. Abbott) does not recognize that fact. I say that, because of a speech delivered by the Minister of Trade and Commerce at the annual meeting of the exporters' association in Montreal on October 20. I quote from a report of his speech in the Montreal *Gazette*:

> If Canada, without further loans, is to hold her current trade status with Britain after the termination of Marshall plan aid in 1952, then Canada must increase purchases from that country by an annual $365 million.
>
> That is approximately the trade balance in Canada's favour. In the year ended last September, Canada bought from Britain $325 million worth of goods and sold $691 million.

At another point the same report reads as follows:

> On the other hand, Canada's balance was adversely affected by trade with the U.S. While Canada shipped $1,550 million worth of goods in the same twelve-month period, she imported about $2 billion. The $450 million deficit was collected from the rest of the world through Marshall aid dollars.
>
> "Obviously, our policy must be to export more to the U.S. or alternatively to buy less from that country."

He points out that in order to solve our difficulties with the sterling area we shall have to accept more imports from that area, and in order to solve our deficit with the United States we shall have to buy less from them or they will have to buy more from us. In other words, he is suggesting that we solve our balance of payments difficulties unilaterally with the sterling area and unilaterally with the dollar area; and that is the stand this group has always taken in the past.

In the past the government has always insisted on multilateral trade based upon the convertibility of currency. I notice that the hon. member for Dufferin-Simcoe (Mr. Rowe) and the hon. member for York West (Mr. Adamson) took that stand when they spoke on the budget the other day in this house. Let me point out that it is absolute nonsense to advocate the convertibility of currency until we have established a system of international trade that will ensure a balance of payments; because even if you had a balance of payments tomorrow and you decided to bring about convertibility of currency, how long could you remain on a basis of convertibility of currency if nations immediately, as a result of convertibility, insisted that other nations pay them in dollars instead of taking goods?

Unless we lay down a basis which would ensure a balance of international payments, I would say that you would not be able to have convertibility of currency for more than a few days; because just as soon as nations started to demand the convertibility of their foreign credits into dollars, you would force those nations off convertibility. How can you talk about convertibility in a world in which at the present time the dollar area has a favourable balance of payments with regard to the sterling area of over $6 billion? How can you convert sterling into something that is non-existent? When the sterling countries have a deficit of over $6 billion, you are suggesting that the sterling area should convert sterling into dollars that do not exist. Therefore, first of all, before you dream of convertibility you must lay down a basis to ensure the balance of your trade.

The dollar crisis has been still further aggravated by the fact that somewhere in the neighbourhood of thirty per cent to forty per cent of Great Britain's exports are unrequited; that is, those exports are used for the purpose of paying war debts. Those exports, therefore, are not available to earn dollars with which to buy goods they require from the dollar area. Let me point out that for that situation we cannot blame the socialist government in Great Britain, because that situation developed long before the socialist government were in power.

At the end of the war Britain owed $12 billion to $14 billion in sterling for war supplies. Since the war she has paid in the neighbourhood of $3 billion against that debt, that is about £750 million. It may be argued that that problem is entirely the problem of Great Britain. On the other hand, I am not sure it is the problem of Great Britain. I would say it is largely due to the fact that Great Britain fought longer and, in many ways, harder than any other nation in the war; and when she was fighting, she was fighting not merely for herself but for her allies at the same time. If in the early years of the war Britain had stopped to count the cost of that war, we might well have lost it. Then I think we would all agree that it would be definitely the responsibility of this country.

When I say that Britain fought harder than any other nation, I mean in this way. We on this side took the stand that there should be a common war effort, that we should pool our resources for common use against the enemy; and therefore so long as any one of the allies reduced their standard of living down to the bare minimum required to maintain their efficiency, and made the rest of their production available for use against the enemy, that is as far as any one of the allies should have had to go. That is as far as we in Canada went. That is as far as the United States went. But Great Britain went much farther than that. Great Britain not only reduced her standard of living down to the bare minimum and made the rest of her production available for use against the enemy but, in addition, she pledged her future production to the extent of $12 billion

to $14 billion in sterling. That is something that none of the rest of the allies had to do. As I say, she pledged her future production to the extent of $12 billion to $14 billion in order to get supplies for use against the enemy, on behalf of all the allies. Today therefore those debts should unquestionably be readjusted. There is no logical reason in the world why Great Britain should have to stand the full burden of that cost. I want to congratulate the Minister of Finance (Mr. Abbott) on the strong stand he took at Washington on that very subject.

I now want to say a few words with regard to devaluation. I do not think devaluation is a subject about which anybody can be dogmatic. I do not think that anybody can definitely say that if you have a devaluation of 30 per cent it definitely means this or means that, because there are so many other factors that enter the picture, so many actions that may be taken by the government which may either increase the result or decrease it. I would therefore be hesitant about being too dogmatic about what the effects of devaluation might be.

I think one thing is clear. Devaluation was not entered into by Great Britain voluntarily. Great Britain devalued as a result of pressure that was exerted upon her by the international monetary fund, the United States, Canada and some of the European countries. The kind of pressure I am referring to is the campaign of propaganda that was carried on for over a year to the effect that Great Britain would have to devalue sterling. Consequently it apparently became a recognized fact that before long Great Britain would have to devalue. Consequently, as was natural, organizations held up their purchases pending the time when devaluation would take place, in order that they could buy at lower prices. That fact helped to precipitate the crisis in Great Britain.

It has been argued by the people who were insisting upon devaluation that devaluation was necessary in order to get the prices of sterling area exports down so that more goods could be sold to the dollar area. Surely if the dollar area were really sincere in that attitude, then the dollar area first of all should have taken steps to reduce their tariffs and to streamline their customs regulations. How can any great creditor nation justify high tariffs whilst at the same time criticizing other countries' prices as being too high? That is, if they are really sincere when they say that they want to increase imports from those nations. That is why, Mr. Speaker, we in this group intend to support the C.C.F. amendment for a reduction in tariffs.

In the *Christian Science Monitor,* under date of October 24, I noticed a reference to a special report from ECA. In this report it is stated that on 260 products that Europe is particularly equipped to manufacture, United States tariffs are over 25 per cent. The report goes on to say:

> There still exist, despite the lowering of many American tariffs, high or prohibitory rates on a wide range of products, many of which have a high sales potential in U.S.A.

Then the writer points out that the United States must be prepared to buy annually at least $2 billion more from Europe than at present. I would point out therefore, Mr. Speaker, that when people try to suggest that the dollar crisis is a problem of the sterling area, I think we are justified in saying that it is predominantly the problem of the United States because they are the great creditor nation of the world today. I would say that if Canada and the United States fail to reduce tariffs and to simplify their customs procedure, they will be guilty of a deliberate breach of faith; because it is clear it was the dollar area that was insistent upon devaluation for the purpose of getting the price of sterling goods down. Devaluation has taken place. The prices of goods are down. Now, are we going to facilitate the importation of these goods by carrying out our side of the bargain in reducing tariffs and streamlining customs regulations?

Mind you, it is not a question that you can defer till next year. The time factor is important. If we wait too long the effect of devaluation may be lost, because prices have a way of adjusting themselves so that the effect of devaluation may be pretty well wiped out. Then again, I doubt very much whether the real purpose of the financial officials, who were insisting upon devaluation, was the importation of more goods from Europe. I doubt very much whether they are really interested in importing more goods from Europe. I am satisfied that behind the demand for devaluation there was the desire to bring about a deflationary policy in order to have a reduction in prices and in general wages. Probably they feel that is the only way it can be brought about, and also in order to expand foreign investment abroad, because naturally with devaluation America will be able to invest in Europe at considerably lower cost. I would say that in all probability the United States of America was far more interested in having devaluation for the purpose of facilitating expansion of foreign investments than they were in expanding imports into their country.

Mr. Blackmore: And get a great stranglehold on the world.

Mr. Quelch: I want to say a few words about the effect of devaluation on Canadian agriculture. It would appear that if Britain sells at prices existing prior to devaluation she will have to sell in Canada approximately 20 per cent more in order to get the same amount of dollars. Naturally then she will have fewer dollars to spend. If we in Canada sell farm products at the same price they will cost Britain approximately 20 per cent more, and in all probability have the effect of reducing our sales to Great Britain. If we, on the other hand, reduce our prices to meet sterling competition then our farmers will probably receive somewhere in the neighbourhood of 20 per cent less. Therefore, from the point of view of agriculture, it is not a very happy picture.

Of course I realize it may be argued that the farmers will receive 10 per cent more for the products exported to the United States of America; but, on the other hand, machinery imported from the United States of America, or machinery manufactured in Canada with high United States content will cost the farmers of this country considerably more.

Last week I received a letter from my local dealer to the effect that since devaluation the price of tractors has already gone up $185. That is going to be quite a serious increase in costs to the farmer without any guarantee that they are going to get any increase in prices to balance these increased costs. Therefore, in view of the uncertainty of the whole agricultural picture, the government should make known to hon. members at the earliest opportunity just what their stabilization program is. I recall that in the house the Minister of Agriculture (Mr. Gardiner) stated that as a result of government policies the farmers from 1942 to 1948 received less for their produce than they would otherwise have received. I say, as a direct result of government policy. That was the statement the Minister of Agriculture made in the house. He went on to say that that was being done in the name of stabilization. Since the government's stabilization program from 1942 to 1948 had the effect of keeping agricultural prices down, the farmers are interested in knowing whether they are going to be guaranteed the stabilization of agricultural prices in the future. The only legislation on the statute books today guaranteeing stabilization is the Agricultural Prices Support Act, and the Agricultural Prices Support Act expires on March 31, 1950. Therefore the farmers are justified in having an assertion from the government as to just what their stabilization program is to be in the future.

[Mr. Blackmore.]

Some hon. members may say, "Well, you have forgotten the international wheat agreement." It is true we have that, but there is no very great guarantee behind the international wheat agreement so long as we have the unhappy international trade picture, because embodied in the international wheat agreement is a section which states that if any nation is unable to purchase its quota it can be relieved of the responsibility of buying it. The only reason that Britain is able to buy our wheat today is that ECA provides the dollars. If in the future Britain is not able to find dollars to buy our wheat then, under that section in the international wheat agreement, she can be relieved of the obligation to buy it and seek it from the Argentine or Australia or from some other countries.

Some hon. members may say, "Well, you have talked about the losses that the farmers have suffered. Do they amount to very much?" I have not time to go into the whole picture, but I shall just deal with one commodity to show the losses suffered by the farmers of western Canada in particular as the result of the government's stabilization program. I hold in my hand a return that was tabled in answer to questions asked by the hon. member for Battle River (Mr. Fair) on February 28 and October 3, 1949. This return shows the quantity of wheat sold to Great Britain, the quantity of class II wheat sold, and wheat sold to the Canadian consumer, and the prices at which that wheat was sold. I note from a computation made from these figures that the total losses suffered by farmers on wheat sold to Britain in the first three years of the British wheat agreement amount to $384,935,416. The total loss suffered by farmers as a result of subsidizing Canadian consumers during those years amounts to $123,661,952. Therefore the total losses suffered by farmers as a result of subsidizing the British and Canadian consumers during the first three years of the British wheat agreement amount to $508,597,368. That is just on wheat alone in the first three years of the British wheat agreement.

Mr. Deputy Speaker: Order. I am sorry to interrupt the hon. member but his time has expired.

Some hon. Members: Continue.

Mr. Quelch: I shall conclude in a few words. Some hon. members argue that you cannot compute the losses on the British wheat agreement until the end of the fourth year, because there may be gains in the fourth year. The gains in the fourth year cannot be very great, because in the fourth year we have agreed to sell Britain 140 million bushels at $2 a bushel. During that

period wheat cannot fall below $1.68 a bushel because that is the floor price under the international wheat agreement. Suppose wheat fell to the floor, to $1.68, then we could not gain more than 32 cents a bushel. On 140 million bushels it would amount to $44.8 million. So that in the fourth year, if the price of wheat did fall down to $1.68, we would gain $44,800,000, which would mean that the net loss for the whole four years would be $463,797,368. But on the other hand there is a possibility that the price of wheat will not fall to $1.68. The price of class II wheat until very recently—perhaps it still is today—was $2.40 a bushel. Therefore instead of there being any gain in the fourth year there may be further losses, in which case the losses would be higher than $500 million.

In closing, Mr. Speaker, may I say I trust that the government will at a very early date give the house the assurance that the stabilization of agricultural prices is a permanent policy of the government for the future as well as for the present.

Mr. W. G. Blair (Lanark): I wish to take the opportunity afforded by this debate on the budget to bring to the attention of this house a matter which vitally affects my constituency of Lanark, and which is a matter of importance to the whole of Canada. In my constituency there are eleven woollen textile mills. The effect of the devaluation of the British pound to date is that in some of these industries business is at a standstill, and the factories are now running on short time. These are days of high living costs, and it seems unfair to textile workers to be on a short week, or to be shut off night work, while those not affected by devaluation are working a full week. Customers of woollen textiles are not buying at the present time, and therefore there is not sufficient work to keep the mills running a full week. My interest in this matter is that of the representative of a constituency in which there are eleven textile mills manufacturing woollen textiles. It is a very important industry in Lanark.

I have no interest or stock in any industry of this type, and my concern is solely that of the representative of a constituency where I feel textile workers may be thrown out of work, and textile manufacturers will have difficulty in maintaining their business.

The mills in Lanark are mainly composite mills. They import wool at the same price as the English mills, and completely process the wool in their factories. Before devaluation Canadian woollen and worsted cloth mills had difficulty in competing with English prices. Even then Canadian mills were not able to run a full week. The production of Canadian woollen and worsted cloth for the first six months of 1949 was about 10 per cent lower than in 1948.

This condition will now become worse, because since the depreciation of the currency British and foreign mills are in a better position to compete in the Canadian market. The only result of this can be lower production for Canadian mills and unemployment for Canadian textile workers.

I made the statement that Canadian production has been decreasing, and that imports are increasing. Great Britain had a very large share in this market in 1948. I give the house the following table showing the production of woven fabrics in wool, in linear yards:

Year	Canadian Production	Importations from Great Britain	Importations from other countries
1946	29,270,000	10,656,000	263,000
1947	27,217,000	10,256,000	3,940,000
1948	26,400,000	15,888,000	1,572,000

It will be noted that while Canadian production in 1946 was 29,270,000, in 1948 it had fallen to 26,400,000. The Canadian woollen textile industry and the Canadian textile industry have given employment to 180,000 people, and of those 180,000 people 18,000 are employed in the woollen textile industry. My colleague, the hon.. member for Waterloo South (Mr. Homuth), feels somewhat diffident about speaking in the house, owing to a temporary disability in his voice. But he has spoken many times in the house about the textile industry. He is a textile manufacturer, and knows all about the trade, and assures me that this situation is so serious that not only will there be 18,000 woollen textile workers out of employment, but many hundreds of other workers in allied industries will be affected in the same way. He assures me that his own plant is on the verge of closing down. Manufacturers do not close their industries just for the pleasure of it, because it costs a lot of money to have a plant standing idle. A maintenance staff must be kept at all times. It is only because of economic difficulties that these mills are either closing down or operating on short time.

There is one thing of which I am very proud in connection with our woollen textile mills and that is that they were developed by families in a small way, in the beginning. I think all of them today are still owned by those families. In these circumstances the head of the industry takes a personal interest in all his employees.

In my constituency, with the eleven woollen textile mills, a large number of people receive

employment. One can readily understand that these eleven mills constitute a very important industry, when concentrated in one constituency. The industry has been built up over a long period of time, and has had to meet difficult competition because Canadian tariffs have not always offered sufficient protection.

In spite of the difficulties this industry has had, and which it has faced, it has made progress to the point where it is now one of the important industries in Canada. I quote from a review published in the *Globe and Mail* of October 1949 with respect to the woollen textile industry in Canada in 1947. This is a review of a government publication entitled "Woollen Textile Industries in Canada". The review in the *Globe and Mail* from the Canadian Press under the heading "Textile Industry Has Busy Year" states:

> In a busy booming year, the Canadian woollen textile industry produced goods worth $125,039,169 in 1947, the bureau of statistics reported. Production was 16·3 per cent higher than in 1946.
>
> The industry comprised 206 different plants, employing 18,593 persons with a total pay roll of $29,371,352 during the year. The year before, 208 plants in the industry employed 17,620 persons who were paid $24,418,748. Production in 1946 was valued at $107,539,253.
>
> Biggest item in the industry was the production of woven suitings, dress goods, overcoatings and cloakings, and the output of 26,022,348 yards was valued at $53,185,146. The production was slightly lower, but the value $6,554,428 higher, than in 1946.
>
> Greater quantities of carpets, mats and rugs were produced, the value being $8,687,766. The bigger production during the year involved higher imports of wool, yarns, and piece goods. Total imports jumped from $61,451,933 in 1946 to $77,923,937 in 1947. Exports declined from $5,317,000 in 1946 to $3,772,240 in 1947.

So it is very apparent that this is an important industry. I bring the seriousness of the situation in the textile industry to the attention of the house without any desire to create the impression that we should revert to a system of high and unwarranted tariffs. I would point out however one thing the government should do to encourage a healthy and stable woollen textile industry in Canada, and that is to open discussions with the British government with the object of facilitating the purchase by Canadian manufacturers of British textile machinery needed in our textile industry so that it may compete with the great outside competition.

During the war years the textile industry of Canada contributed much to the war effort. This was made possible through the co-operation and skill of both employees and management, and the full capacity utilization of the machinery for production. In some cases today that machinery is obsolete or practically worn out as a result of having been used 24 hours a day during the war. Many of the companies that desire to replace their machinery find they are unable to purchase it in the British market, notwithstanding the fact that British exports of textile machinery in 1948 increased by approximately 54 per cent in volume as compared with 1938. Exports of British textile machinery to Canada increased only 12 per cent in volume in the same period. I find on reviewing British trade figures that the exports of British textile machinery to Sweden increased by 367 per cent in volume in 1948 as against 1938. The volume of exports to Denmark increased 342 per cent in the same period, and the exports to Portugal were up over 497 per cent. My source for this information is from the accounts relating to trade and navigation of the United Kingdom for each month during the year 1948 covering British exports of textile machinery. With the permission of the house I should like to place further figures on *Hansard*.

Mr. Deputy Speaker: Has the hon. member the permission of the house?

Some hon. Members: Agreed.

Mr. Blair: The table follows:

British Exports Textile Machinery

	Volume (Tons)		Value (Pounds)	
To	1938	1948	1938	1948
Canada	1,818	2,039	307,403	791,482
Sweden	631	2,949	114,560	1,282,132
Denmark	255	1,127	46,488	514,990
Netherlands ...	1,960	5,236	258,002	1,818,518
Portugal	430	2,570	52,006	769,624
Turkey	173	669	24,484	272,044
United States..	1,049	2,403	222,150	1,244,322
Mexico	373	1,642	64,004	639,273
Chile	276	1,623	28,907	538,953
Brazil	5,048	9,094	502,801	2,936,728
Argentine	1,177	4,780	173,337	1,461,706

I believe everybody in Canada is sympathetic toward any trading program that will help the people of Great Britain establish themselves as one of the great nations of the world, but the livelihood of 180,000 textile workers in Canada is dependent upon the success of the textile industry in this country. One of the main exports by Great Britain to Canada is woollen textiles and these are being imported into Canada in increasing quantities to replace Canadian-made woollen textiles. British textile products and those from European countries are manufactured with lower labour costs than are similar products in Canada. It is possible also that the Canadian textile manufacturer may have to compete against some form of subsidization which will mean still less business for the Canadian textile mills. The result will be that the whole textile industry in Canada will suffer.

The standard of living in Canada is today at the highest point in our history and our

customs tariff should be adequate to maintain that standard of living. The duty on imported woollen textiles is now lower than when our standard of living was at a lower level. Not only are these goods produced in Great Britain for lower wages than are paid in Canada; food subsidies are also paid which reduce the production costs of British textiles.

Before devaluation the wages paid for the production of Canadian woollen textiles were 170 per cent of the British rates; they are now 220 per cent. This more than balances any advantage the Canadian textile producers might have through buying wool in sterling areas. Most of the raw wool used by both the British and Canadian textile producers originates in sterling areas, principally New Zealand and Australia. With the currencies of those countries being devalued it meant a cut of 23 per cent in the cost of wool imported into Canada, but that did not make any change in the price of wool going into Great Britain.

Since devaluation there has been a rise of over 23 per cent in the price of wool in the sterling areas which in fact wipes out any advantage to the Canadian purchaser from the devaluation of sterling. When the Canadian government devaluated the Canadian dollar 10 per cent in terms of the United States dollar it modified the sterling devaluation in terms of Canadian funds. Great Britain is now able to cut the prices of the textiles she sells in Canada.

Even before devaluation British textiles held a strong position in the Canadian market when the sales were about three and a half times greater than pre-war in terms of value and were much greater in terms of volume. On the pre-war market British textiles made up 36 per cent of British sales in Canada, whereas in 1948 they were 48 per cent. This was the result of a concentration of exports to one area. Imports of British textiles are in direct competition with types made in Canada. There should be a greater diversification of British trade in Canada and, as I have mentioned before, it should be sought through textile machinery which the Canadian industry is trying hard to secure.

At page 559 of *Hansard* a question was asked whether Canada was losing her domestic textile market to Great Britain owing to devaluation, and if there had been any layoffs in Canadian textile factories or wage reductions owing to devaluation. The parliamentary assistant to the Minister of Trade and Commerce stated in his answer that there was no evidence to show that the Canadian textile industry was losing its domestic markets to Great Britain, and that there had been no layoffs or wage reductions reported.

I should like to quote from an article appearing in the Toronto *Telegram* of September 29, 1949, in which Mr. K. L. Markon, vice-president and general manager of Monarch Knitting Company, supported the claims of union leader Sam Baron that the devaluation of the pound is menacing the jobs of thousands of people engaged in Canadian textile industries. The heading of the article is:

Pound devaluation seen hitting jobs "thousands" here

The article reads:

K. L. Markon, vice president and general manager of the Monarch Knitting Company Limited yesterday supported claims of union leader, Sam Baron, that the devaluation of the pound is menacing the jobs of thousands of people engaged in the Canadian textile industry. In a prepared statement Baron, Canadian director of the textile workers union, C.I.O.-C.C.L., called for the immediate establishment of a royal commission to investigate conditions in the industry and possibly offset a major layoff. Markon believed this to be a sound idea.

Claiming that the industry is the largest single employer of labour in the dominion, engaging 100,000, Baron produced figures to support his fears of mass unemployment.

Then there is a subheading reading:

Costs are lower

The article continues:

In the cotton industry, Baron claimed British exporters are offering cotton yarns on the Canadian market at roughly 10 per cent below the price on the home market. The effects will be greater in cotton piece goods and knit goods, he predicted.

"For instance, a British line of underwear that was being sold wholesale at $6.25 a dozen only a week ago is now being sold at $5 a dozen. The same applies throughout the woollen industry," he continued. "The most striking example of this is the hosiery industry where, even before devaluation, the majority of plants were working only two or three days a week because of British exports."

Markon said the information given by Baron was "substantially correct, particularly in regard to the woollen industry."

Head of one of the largest companies of its kind, manufacturing woollen, worsted and cotton knit goods, including hosiery, Markon said the woollen industry was in a "difficult position" before devaluation.

Then there is a further subheading reading:

Tariffs too low

The article continues:

"That difficulty was partly caused by various means used by British authorities to stimulate exports to Canada, such as indirect subsidies and export quotas, also by the fact the American economy was protected by tariffs while ours was not protected as much."

Markon, whose firm engages 1,100 workers, explained that prior to the devaluation, the company because of competition from Britain was forced to lay off some employees, particularly in the hosiery department, "and is going to be worse now."

"The textile industry seems to be bearing the brunt of things and this doesn't seem to be fair particularly in view of the fact the industry is the largest employer in Canada," he concluded.

I agreed with the Minister of Finance (Mr. Abbott), when he said there would be some dislocations in Canadian industry as a result of the unexpected degree of devaluation of the British pound. I question, however, the wisdom of any policy that asks any industry to bear the full brunt of the effects without making any evident effort to fully appraise the situation in the light of recent events. How often have we heard from our western representatives the story of the sacrifice they made in wheat. I agreed with them. Why should the wheat farmer stand the full cost of our assistance to Great Britain? I say now: Why should the textile industry be placed in the same position?

We must build up our Canadian economy. We cannot have social security without taxes. We cannot have taxes without employed people to tax. What good is it for us to have busy textile workers in Yorkshire, England, when our own textile workers are walking the streets? The Canadian textile industry, operating in a less protected market than manufacturers in the United States, has even before devaluation been subjected to such competitive stimulants as indirect subsidies and export quotas by the British government. Now they are to be faced with additional competition arising from advantages accruing to British manufacturers as a result of devaluation of the pound. This industry is one of the largest employers of labour in Canada, and many Canadian homes are dependent upon it for their very existence. This industry played a most important part in the war effort of Canada, and in my opinion it is essential that it be maintained as a healthy, virile industry as part of our economic defence plans of the future.

To the degree that the Canadian market can absorb British textiles, I agree that every encouragement should be extended as a means of helping Great Britain earn dollars to buy our primary products. I submit, however, that it is not in the national interest for the textile industry to be forced to close its doors, and for workers, who have given many years of their lives to developing this trade, to be thrown out on the street to look for work wherever they can find it. Unless external conditions and factors today threatening this vitally important industry are closely studied, and their effect constantly observed by the government, the conditions I have just warned about are not beyond the realm of possibility.

Mr. J. A. Simmons (Yukon-Mackenzie River): Mr. Speaker, my riding is in the eyes of the world today because it constitutes the northwest frontier of our nation. It looks out upon the old world of Europe and the more ancient world of Asia across the Arctic ocean. The constituency of Yukon-Mackenzie River is much larger than the territory of Alaska which will, we are told, soon be the forty-ninth state of the United States of America. It is an area in size nearly equal to all of British Columbia, Alberta and Saskatchewan. It is one-fifth as great in area as continental United States of America.

With this vast region as a background, I hope that I may be pardoned if I take some time of the house to convey to you the hopes and aspirations of our people, and something of their handicaps and difficulties. My address must be heard in the light of the status of our constituency of Yukon-Mackenzie River. It is in Canada but is not a province of Canada. It is for the most part a vast unorganized domain. It is a land of opportunity. Down north we have a land which should present great opportunities for the youth of Canada. You will note, Mr. Speaker, that I say "down north". Yes, all our rivers run down towards the north, the mighty Yukon river and the still mightier Mackenzie river. I am amazed to hear in this house and various cities in the east expressions of fear and despair when our great northland is mentioned. If eastern Canadians, especially the hon. gentlemen of this house, could travel with me throughout the length and breadth of my riding, they would realize that in Canada we have only made a beginning upon the development of our natural resources.

When it is realized that in the riding which I have the honour to represent, much of it unexplored, there is such a small scattering of people and so little industrial development as compared with the possibilities, it will become apparent that this house should concern itself with a more intensive policy of northern development and also with a sane project for moving numbers of people into the northland to places where they could live and thrive. In addition to this, a substantial increase in population in these areas is a direct contribution to the defence of Canada.

Originally, the Northwest Territories covered all that portion of the country from the Hudson bay westward within Canada outside of the provinces. Then in the nineties, upon the discovery of gold in the Klondike valley, the Yukon Territory was established under the Laurier government. It is governed by a commissioner, appointed, and a territorial council of three elected members who have a three-year term of office. The seat of government is at Dawson, Yukon. The Department of Mines and Resources at Ottawa is responsible for the business arising from the general administration of the territory under the Yukon Act and ordinances passed by the territorial council.

For administrative purposes the Northwest Territories were divided into three districts, namely, Mackenzie, Keewatin and Franklin, by order in council of March 16, 1918. In accordance with the Northwest Territories Act, the Northwest Territories are governed by a commissioner, a deputy commissioner and five councillors appointed by the governor in council and operating from this capital. The commissioner and council has power to make ordinances for the government of the territories under instructions from the governor in council or the Minister of Mines and Resources, subject to any act of the parliament of Canada applying to the territories. The future I eventually see for the Mackenzie River district is an entirely new set-up with an elective body. Our people feel that, while the present administrations are good, and while able men are giving of their best efforts, sooner or later we should have responsible government throughout in keeping with the Canadian tradition of responsible government.

Let me say and repeat that we believe the present executive officials are doing excellent work. Yet, the north wants to have a thoroughly elective government and, sooner or later, I am hoping to see it brought about. We advocate nothing new in this regard. You had the same request a century ago when the wilds of Upper Canada came under responsible government; later when, in 1905, Alberta and Saskatchewan came into being as provinces; before that when a provincial capital was set up at Winnipeg. Representation by population was an early battlecry in this country and along with it went "no taxation without representation."

I should like now, Mr. Speaker, to say a few words in regard to the electoral district of Yukon-Mackenzie River. At the last session of parliament the Mackenzie River district in the Northwest Territories was annexed to the Yukon electoral district, notwithstanding the many protests by the peoples of the Mackenzie River district and the Yukon territory. They did not want it and still do not want it and have a legitimate cause for complaint. The communities are scattered and there is little community interest between the peoples of the Mackenzie River district and the Yukon Territory—no more than as between the St. Lawrence river watershed and the Columbia river valley in British Columbia. If I might give an illustration: It is my opinion that the present federal riding is too large and unwieldy, and that it was a mistake to make such a large electoral district. A candidate travelling about it at election time must use aircraft almost exclusively and the cost is exceptionally high.

I believe you will agree that, in view of the circumstances I have outlined, it would be well to amend the redistribution act to provide for subdividing this vast riding and allowing two members—one for the Yukon proper and one for the Mackenzie and eastern sections of the Northwest Territories from the Mackenzie mountains to the Hudson bay. It might be argued that the population does not justify this adjusted representation, but it must be borne in mind that the populations of both areas are rapidly increasing and the economic conditions must necessarily always be different.

The future of Yukon Territory and Mackenzie River district is dependent upon the development of its mineral resources. These are among the last remaining reservoirs of minerals on the North American continent. As the minerals in the older areas become depleted and as the demand increases, it will become imperative that the mineral wealth of our north country should be developed. Portions of the Pre-Cambrian shield lie within the Mackenzie district and geologists claim untold wealth is still to be taken from this source. So far, this area has only been scratched. Indications are that vast sections of it are mineralized and present favourable opportunities for the prospector and developer.

In 1896 the fabulous Klondike gold discovery was made. This was the poor man's opportunity because he could begin to produce gold from the placer workings by his own strength and effort and with little or no capital. Perhaps because of this and the remoteness of the area placer mining remained the prime mining interest in the Yukon Territory for many years. Since then, many opportunities for lode mining have been discovered. One of the most important of these lies in the silver-lead-zinc deposits of the Mayo-Keno area in the Stewart river district. Some of the ore from this district is so rich in silver and lead that it can be shipped to the smelter at Trail, British Columbia, in the same condition in which it is taken out of the ground without being put through the concentrator. I would ask you to consider how rich this ore must be when it can stand the cost of transportation and the many handlings by truck to Mayo Landing; by river boat to Whitehorse; by train to Skagway; by boat to Vancouver and thence by rail to the smelter at Trail, British Columbia, in its raw state and without concentrating.

I am now informed that the mining company at Mayo Landing expects to ship 15,000 tons of silver-lead ore and concentrates next year, the largest amount ever to be shipped from this district in any one year. This means employment for men. It means an

added market for the goods from the warehouses in Vancouver and other places. It means adding millions of dollars to the silver treasury of the world. Mr. Speaker, it surely does not sound like depression.

I note, Mr. Speaker, that in 1948 several million dollars' worth of silver bullion was shipped to the United States of America. Some of this goes to other countries where they use our silver for coinage and for jewelry; and right here I would suggest that it would be a nice gesture on the part of the Department of Finance to strike off a few Canadian silver dollars—not a few but let us say $1 million a year for a few years, to make the people of this country more silver conscious, but not enough to upset our currency here. In a country like Canada, with silver mines in Ontario, British Columbia, Quebec and the Yukon which in all produce many million dollars' worth of silver each year, surely we should have a larger silver coinage in our country.

The development of this area has only begun. There are many other areas of equal importance in the Mackenzie district and Yukon Territory awaiting development. There are indications that one of the largest iron ore deposits in North America lies in the Selwyn mountains of central Yukon. Prospectors and geologists have found indications of widespread deposits of lodegold, tungsten, copper, tin, molybdenum, silver, lead, zinc, antimony and coal. It is known that the huge copper deposits of southeastern Alaska extend into the Yukon. At Whitehorse there is an interesting copper belt which was mined during the first world war. To date Yukon Territory has produced nearly one-third of a billion dollars in gold and silver—I repeat, one third of a billion dollars of new wealth.

Now, Mr. Speaker, let me say something about the mineral potentialities of the Mackenzie river district. It is known that a great part of the Northwest Territories is covered by Pre-Cambrian rock. This same rock formation supports the mining industry of Quebec, Ontario and Manitoba. Its potentialities in the Northwest Territories, where it has hardly been scratched, are immense. So far we have the pitchblende and the radioactive mineral deposits at Port Radium on Great Bear lake. The magnitude of this operation is known throughout Canada. We also have the lode gold operations of the Yellowknife mining district on the north side of Great Slave lake. Tremendously interesting deposits of lead and zinc are being investigated on the south side of Great Slave lake, at Pine Point, and of radioactive minerals in widely scattered areas to the northeast of the same lake. Copper deposits along the Coppermine river near the Arctic coast have been known for many years. Let me here, Mr. Speaker, pay my tribute to Gilbert La Bine, the Canadian prospector who discovered uranium ores in my riding, whose work was so valuable to Canada and the world in strengthening the bonds which make democracy and the democratic countries of the west a subject which is so much discussed among the nations today. And when I pay tribute to Mr. La Bine I do so because he is typical of the whole race of prospectors who are finding the hidden wealth of the northland, and making it possible for great industries to be built and great new sources of revenue to be created for our country.

Mr. Fleming: He is a distinguished resident of Eglinton riding.

Mr. Simmons: That is fine. Yellowknife in the Northwest Territories and Dawson in the Yukon Territory are centres of revived gold mining activity. Yellowknife is the hub of the mining industry in the Northwest Territories and today is a flourishing and thriving modern town. Three important gold mines are operating in this vicinity: the Con-Rycon mine, the Negus mine and the Giant Yellowknife.

The first gold brick was produced in the Northwest Territories and poured at the Con mine of the Consolidated Mining and Smelting Company in September, 1938. Yellowknife mining district has produced to date well over $25 million in gold. These mines and others under development contain vast quantities of gold. Engineers have blocked out ore which assures operations for many years to come. At present more than one thousand men are employed in the gold mines there. There is every indication that production will be increased as further properties are being prospected and developed.

Dawson city is the hub of gold mining in the Yukon territory. It is probably the oldest producing placer gold mining camp in the world. This year the production of gold has been very active as it has been in the past for many years. This summer's operations alone produced well over 50,000 ounces of gold up to the end of August. By the end of the dredging season this fall there will be many more thousands of ounces of gold to be added to the quantity given here. Eight dredges are being operated by the Yukon Consolidated Gold Corporation in the Dawson district.

Oil resources along the Mackenzie river at Norman Wells are deserving of attention and are considered to be very important. Oil reserves in the Norman Wells area, estimated by United States government experts and checked by Canadian authorities, are placed

at 60 million barrels. There are sixty productive wells in this area and from 1942 to the end of 1948 they produced nearly 3 million barrels. There is a small refinery at Norman Wells which turns out the fuel requirements for the Mackenzie river district.

I have told you something about the mineral resources of my constituency. We have sufficient indications to know that there lies a practically untapped reservoir of mineral wealth awaiting development for the benefit of the area and of Canada as a whole. Its development will depend upon the provision of adequate transportation facilities and cheap power.

In the Yukon Territory the Department of Mines and Resources have undertaken the construction of an all-weather highway from the Alaska highway near Whitehorse to Mayo and Dawson. A good start has been made and it looks as though the Carmacks-to-Mayo section will be completed this fall.

I would call attention to the urgent need of having the remaining sections of the road between Whitehorse and Dawson completed by the end of the 1950 construction season. I would also call attention to the urgent need of the early provision of cheap power for the Mayo-Keno mining area so that the mineral resources of the district may be adequately developed.

Electricity for operating the mines is now produced by diesel engines, and the diesel oil is brought in from the outside at high cost. Transportation also complicates the shipping and storage problem. If the mineral wealth is to be exploited at depth, it will require cheap power. This can only be provided by means of hydroelectricity. I understand that the Department of Mines and Resources during the past summer has been investigating the possibility of hydroelectric development in the Mayo river canyon. I hope that the government will be able to push this project through in the same manner as was done on the Snare river project for the benefit of the Yellowknife mining district in the Northwest Territories, which has proven of great benefit to that district.

The needs of the Mackenzie river district for the development of its mineral resources are similar to the Yukon Territory. They are the provision of adequate transportation facilities, the lowering of present transportation costs and the provision of cheap power. A good start has been made by the construction of the Mackenzie highway, by which freight can be hauled both incoming and outgoing between the Northern Alberta Railway at Grimshaw, Alberta, and Hay River, Northwest Territories. What is now urgently needed is the extension of this highway to give year-round communication with Mills lake and Yellowknife; and also to put the Alberta section of the Mackenzie highway in good repair so that there will not be a repetition of the difficulties encountered by truckers this past season, which proved so very disastrous to the fishing industry on Great Slave lake.

One of the present main difficulties in getting supplies to Yellowknife and down the Mackenzie river is the lateness in which Great Slave lake gets free of ice. When the river is open in the late spring the ice remains in the lake and piles up at the outlet. In addition, winter travel over the ice is made hazardous by pressure ridges. The construction of an all-weather road to Mills lake will detour the ice piled up at the outlet to Great Slave lake, and the rapids at Fort Providence, and extend the shipping season on the Mackenzie river by at least six weeks each year.

The present costs of transportation into the Mackenzie river district are too high. This affects the cost of living and the cost of mining. Everything which can be done to lower these costs will encourage the development of mining and other industries and raise the standard of living of the people. The mining companies and the stores and trading posts have large amounts of capital tied up in maintaining large stocks of supplies on hand because of the shortness of the navigation season, which necessitates stocking about nine months' supplies each year. This increases the cost of operation of the mines. If an all-weather road was constructed into Yellowknife via Mills lake it would enable the mining companies, stores and trading posts to maintain lower inventories of supplies and thereby reduce costs of operations. This would be the equivalent in one way of raising the price of gold. Therefore for the good and welfare of the Mackenzie river district something should be done to lower the present freight rates either by improving transportation facilities, providing more competition or competitive routes or by means of a subsidy. It is hoped that the government will take the matter of constructing the all-weather highway to Mills lake into immediate consideration, so that an early start can be made on construction next spring.

Now, Mr. Speaker, I desire to tell you something about the economic plight of the natives, both Indians and Eskimos of Yukon Territory and the Mackenzie river district. In this modern day when we are giving Indians in some sections of the country the ballot, it is only fair that the Eskimos should receive the same consideration. Great work can be done for the native peoples of our land.

In this connection I wish to commend the church organizations in my riding, and also the lands and development services branch and the Indian affairs branch of the Department of Mines and Resources and the Department of National Health and Welfare, for the great work they are doing among the native population. But still greater work can be accomplished. In my journeys through the riding last summer as far north as Aklavik, Northwest Territories, I observed that the church was extending a helping hand to the natives of this country in leading these people to better standards and citizens. They are dependent entirely upon trapping and hunting for a living. You will understand in many areas something of what has happened, Mr. Speaker, when I tell you of the recent decline in fur prices. Silver fox pelts have dropped from $20 to $5 and even as low as $3. Muskrat skins have dropped from $3 to 80 cents, and may go lower. Other furs have declined in price in a similar manner. To make matters worse the hunting in some areas has also declined. As a result of these conditions the natives of the north are now experiencing exceptionally hard times, and I must say that the family allowance has been, and will be, a godsend to them.

It is hoped that the government will continue to deal sympathetically and helpfully with these matters and extend relief to these unfortunate people where necessary. It would be best, where possible, to give them opportunities of earning what relief is given. In this connection I would like to see them given employment on the various construction projects in the northland. Very often when government contracts are awarded to construction firms, labourers are brought in from distant places to do the work. Many of our Indians and Eskimos are excellent workers, and if encouraged and treated as Canadians they would perform valuable services wherever such projects are carried on. It may interest the house to know that some of these Indians and Eskimos are splendid mechanics. I have found many of them to be energetic, thrifty men, good businessmen and good Canadians.

The time has come when racial discrimination in the north should be put aside and all our citizens who obey the laws and help to build up a better country may be treated with equality. Many of the settlements in the north could be improved by the provision of graded roads, ditches, sidewalks, better water supplies, and sanitary arrangements; in other words a general tidying-up. It would be an opportune time to provide these facilities so that the natives could improve their communities and at the same time work for wages to supplement their incomes from trapping.

As I have said before, in districts where roads, airfields and weather stations and other projects have been or are being built a greater proportion of native people should be engaged on the work, as many of them are good mechanics and operators and they should be given every encouragement to acquire and practise trades.

A new era is dawning for the north. It is going to be opened and its resources developed, and the pace is going to be accelerated. Therefore let us see that the native inhabitants also benefit from these developments. We must help them wisely and sympathetically to adapt themselves to these changed conditions, and we must provide better hospital and medical care. We must also see that the game, wildlife and forest resources of the north are properly managed and protected. Do we know as much about these resources as we should? Do we know why the game and fur have been so depleted in certain areas? Have we figured out how to improve this situation? I would ask the government these questions. The mines and settlements in the Yukon and Mackenzie river districts look to the forests for building logs, lumber and fuel. The forests give protection to watersheds and wildlife; therefore our forest resources must be adequately protected and managed for they are vitally essential to the economic life of the northland.

At this time I wish to thank the right hon. Minister of Agriculture (Mr. Gardiner) for the attention being given food production in the Yukon and Mackenzie river districts. As you know, we pay heavy freight rates on food products and other commodities brought in from the outside. Therefore if we can produce some of the staples within the northland, we add to the prosperity of the people.

All along the Yukon and along the mighty Mackenzie are scores of settlements which buy meats, flour, butter, lard and the many products of the farm. All must come in at great cost to the consumer. At Fort Simpson, Northwest Territories, there is an experimental farm operated by the Department of Agriculture; but long before it was established the Roman Catholic mission there had conducted a successful farm like any farm one would see in the Ottawa valley. This farm has been in operation for nearly sixty years, and has been engaged in dairying, and the production of pigs, poultry and grain.

Yes, grain ripens there at Fort Simpson, junction of the Liard and Mackenzie rivers, north of the 61st parallel and slightly west of the 120th meridian. At Fort Good Hope,

slightly south of the Arctic circle, there are records of grain being matured; certainly there are fine potatoes and root crops, lettuce and many garden varieties.

At Aklavik in the Mackenzie river delta, within the Arctic circle the Anglican mission maintains a garden and has a few cows, a tractor, plows and other farm gear and has cultivated fields of oats—not always successfully but well enough to provide local fodder supplies for the livestock.

At Pine creek in the Yukon Territory, 100 miles northwest of Whitehorse on the Alaska highway, there is an experimental farm operated by the government. This farm was established a few years ago under the expert management of Mr. J. W. Abbott, formerly of Fort St. John, British Columbia. The first year, 1946, witnessed a very poor crop indeed —spuds the size of marbles, turnips all tops and no body, barley very short and poor, and oats a failure.

In 1947, the crop of potatoes was fairly good, showing improvement as the soil was opened to the sun and cultivation. In 1948 several hundred dollars' worth of garden stuff was sold to the local merchants in Whitehorse, besides keeping a good supply for the farm and employees. Now in 1949 Mr. Abbott is buying livestock for the farm which is producing hay, oats, root crops and vegetables and promises to be quite productive.

I do not say this is a ranching country, but if we can produce a tonnage of food there on the land one hundred miles northwest of Whitehorse and at various places along the Mackenzie river, what a benefit it will be to the economy of the north! At all events these experiments are revealing the possibilities and we are getting exact data on weather, hours of sunshine and soil conditions.

A number of farms have been successfully operated for some time on a small scale at other places in the north, such as at Yellowknife, Dawson, Stewart City and various other places in the Mackenzie river district and the Yukon. On the Pelly river a farm has been operated successfully for many years, and one year as much as 2,300 bushels of oats were harvested.

This is a bright picture for the future of the north, and it may well be that a large population can eventually be established on lands north of the Peace river block in British Columbia and in the Yukon and Mackenzie river areas. These experiments will give us some guide as to the feasibility of settlement, and I hope that there may be larger grants next year for the experimental work now undertaken in the north.

If time will permit, Mr. Speaker, I should like to mention one or two other matters which are also of prime importance to the economy of the northland. The commercial fishing industry on Great Slave lake, 340 miles south of the Arctic circle, in the Northwest Territories, has become one of the world's greatest inland commercial fishing areas. This lake is the fifth largest on the continent and commercial fishing in this area was first started in 1945.

The commercial catch limits for trout and whitefish together from Great Slave lake were increased in June of this year to a total of five million pounds for the summer fishery and to a total of four million pounds for the winter fishery. During last winter season well over four million pounds of fish were taken by 302 licensed fishermen under special catch limits. A high standard of quality is maintained and all shipments are inspected at Lower Hay river. Importers in Chicago, New York and Detroit speak highly of the fine quality of the whitefish and trout from Great Slave lake. This industry is dependent upon the proper maintenance of the Mackenzie highway to transport their products to the railhead at Grimshaw, Alberta.

Before closing, Mr. Speaker, I should like to say a few words about the great Alaska highway which you have all read so much about. In travelling about the country I find that there exists in certain quarters an apparent misconception of the value of this highway from an economic point of view, and I should like to take this opportunity to correct this erroneous impression, and point out that the Alaska highway and its feeder roads, such as the Haines cut-off and the Atlin road are vital to the defence and economy of the north and to the North American continent as a whole.

The Alaska highway supplies a main trunk road which is of major importance in opening up the country and from an economic and defence point of view that is of paramount importance. In addition to its value to industry and defence the Alaska highway and its feeder roads provide a tourist attraction equivalent to any place on the North American continent. I may tell the house that the Alaska highway, so important in a defence way, is, in these times of peace, a busy commercial thoroughfare, and is opening up a great new country throughout its 1,600-mile length from Dawson Creek, British Columbia, to Fairbanks, Alaska.

It is indeed a credit to Canada and also to our good friends from the United States of America who made such a wonderful job of constructing it. It is a great scenic highway, and you have magnificent lakes and rushing rivers, mountain peaks and ranges, and everything that delights the lover of the

outdoors. There are good stopping places at intervals along the highway, gas stations and garages, and the traveller need have no fears.

The Canadian portion of the Alaska highway from Dawson Creek, British Columbia, to the Alaska-Yukon border, a distance of 1,223 miles, is maintained by the northwest highway system of the Canadian army and I wish, at this time, to commend them for the excellent job they are doing under the command of Brigadier Connelly, in keeping this highway open.

The hon. the Minister of Mines and Resources (Mr. Gibson) recently made a trip to the Yukon and Mackenzie river district. I would assure him that the people of the north were deeply gratified by his visit and feel that he will now be able better to understand their problems.

I also wish to compliment the hon. the Minister of Finance (Mr. Abbott) upon his excellent budget. It means a great deal to us because of the large appropriations which are essential in so vast a riding. With an able and experienced man bringing down such a budget the people of the north have the utmost confidence in this government and in the future of the nation.

On motion of Mr. Knight the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull) moved the adjournment of the house.

He said: Tomorrow we hope we may be able to conclude this debate.

Motion agreed to and the house adjourned at 10.55 p.m.

HOUSE OF COMMONS

Wednesday, November 2, 1949

The house met at three o'clock.

FOOTBALL

REFERENCE TO REPORT IN OTTAWA CITIZEN—ODDS ON EAST-WEST FINALS

Mr. A. L. Smith (Calgary West): I rise to a question of privilege, Mr. Speaker. In this case it is a matter of very personal privilege, because I am being bothered. This morning's *Citizen*—I notice at the top of the page it says it has been an independent paper since 1844; I want it on my side—says that I have fixed the odds in the east-west football match at three to one on the Calgary Stampeders. I am asking one to three. My telephone has been ringing every ten seconds for the last hour, as a result of calls from people wanting this sucker money. I want them to know that I am not betting that way.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

INCOME TAX—AUTHORS AND WRITERS

Mr. Kirk (Digby-Yarmouth):

1. Are authors' and authors' fees subject to income tax?
2. Are authors' and writers, whose main income is derived from other sources, subject to income tax?
3. Are authors and writers whose income from writing is less than 25 per cent, obliged to estimate in advance, their earnings from this source, and complete and file income tax remittance form T7B?
4. Does the ruling on authors' fees apply alike to all sections of Canada?

Mr. McCann:

1. Yes.

2. Yes.

3. (a) No, if the balance of the income of the author or writer is, to the extent of three-quarters or more of his total income, from salary, wages or other remuneration.

(b) Yes; if the balance of the income of the author is not, to the extent of three-quarters or more of total income, from salary, wages or other remuneration.

4. Yes.

IMMIGRANTS—RELIGION—CONTAGIOUS DISEASE

Mr. Hodgson:

1. Of the 261,260 immigrants brought into Canada during 1946, 1947 and 1948, how many were (a) Roman Catholics; (b) Jews; (c) Protestants?
2. Of the 54,733 displaced persons brought into Canada during 1946, 1947 and 1948 (a) how many had contagious diseases on arrival at Canadian ports; (b) how many at North Bay, Ontario?

Mr. Maybank:

1. (a) and (c) No statistics are kept of the religious affiliation of immigrants. (b) 14,416 of Hebrew racial origin.

2. (a) and (c) No statistical record of this information is kept. (b) Information not available.

RENT CONTROL—FEDERAL POWER OF ENFORCEMENT

Mr. Henry:

1. Is there a lawsuit pending in the Supreme Court of Ontario in which certain property owners ask that court to find that the federal government has ceased to have legislative power to enforce rent control in Canada?
2. What steps is the federal government taking to be sure that all possible facts will come before the court in evidence to enable the court to properly decide whether or not the federal government has power to continue rent control in Canada?

Mr. Garson:

1. Yes.

2. The Attorney General of Canada has instructed leading counsel in the action, and the crown will be guided by his advice in the conduct of the litigation.

NEWFOUNDLAND—SURVEYS—FIELD PARTIES

Mr. Browne (St. John's West):

What were the localities in Newfoundland where field parties were located for the purpose of conducting (a) geological surveys; (b) topographical surveys; (c) geodetic surveys?

Mr. Maybank:

(a) Geological surveys: One-mile mapping in the Terrenceville, St. John's, Hodges Hill and Bonavista areas, and in the Labrador iron belt. Reconnaissance mapping started by the Newfoundland government was continued.

(b) Topographical surveys: Parties were engaged in establishing control for mapping on the isthmus connecting Avalon peninsula to the main island, in the Bonavista area, and on the Quebec-Labrador boundary.

(c) Geodetic surveys: Precise levelling was carried out by one party in an area starting at St. John's and extending along the coast of Conception bay, and thence inland to Bonavista. Triangulation was carried out by one party on the Fogo peninsula south of St. John's.

Questions

INCOME TAX—COLLECTIONS, 1946-48

Mr. Cardiff:

1. What was the amount collected in income tax during the years 1946-1947-1948?

2. What was the cost of collecting these amounts in each of the above years?

Mr. McCann: The total net revenue collected by the taxation division, Department of National Revenue, from federal income tax, excess profits tax and succession duty in each of the fiscal years ended 31st March 1946, 1947 and 1948, also the cost of collection in such years, were as follows:

Fiscal Year	(1) Total Net Collections	(2) Cost of Collection
1945-46	$1,453,373,330	$11,796,342
1946-47	1,435,731,759	13,734,591
1947-48	1,317,706,891	19,627,980

PUBLIC SERVICE—EXEMPTION OF EMPLOYEES FROM GARNISHEE OF SALARIES

Mr. Knight:

1. Are federal government employees exempt from legal action designed to garnishee their salaries?

2. If so, by what statute is such exemption provided?

3. Does such exemption apply to all federal government employees, and if not, to what categories does it apply?

Mr. Garson:

1. Salaries or wages of federal government employees cannot validly be garnisheed.

2. There is no statutory exemption, but the provincial statute authorizing garnishee proceedings does not extend to employees of the government of Canada.

3. Yes.

NEWFOUNDLAND—CHARTING OF HARBOURS

Mr. Browne (St. John's West):

1. What ships have been employed this year in charting the harbours in Newfoundland?

2. What harbours have been thus charted?

Mr. Maybank:

1. The *Acadia*, the *Cartier* and the *Henry Hudson*, of the Canadian hydrographic service.

2. Fogo, St. Anthony and Port aux Basques harbours.

QUESTIONS PASSED AS ORDERS FOR RETURNS

ROYAL MILITARY COLLEGE—ROYAL ROADS

Mr. White (Middlesex East):

1. What was the total expenditure in connection with (a) Royal Military College; (b) Royal Roads, in each of the years 1947 and 1948?

2. What was the cost of (a) pay and allowances for military staff and personnel; (b) civilian staff salaries; (c) supplies of all and every nature and kind, giving particulars; (d) services, including utilities; (e) maintenance; (f) any other expenditures not hereinbefore specified?

3. How many civilian employees were there in each of the above colleges in each of the said years?

4. How many military personnel were on the staff and establishment in each of these schools in each of the said years?

COMBINES INVESTIGATION ACT—PROSECUTIONS

Mr. Argue:

1. What combines or alleged combines have been reported by the commissioner, under the Combines Investigation Act, to the Minister of Justice, since 1935?

2. What corporations were involved in each combine or alleged combine?

3. In what instance have prosecutions been undertaken?

4. In what instance have prosecutions been successful?

5. What was the penalty in each case?

FEDERAL BOARDS AND COMMISSIONS

Mr. Winkler:

1. How many boards and commissions are there under federal jurisdiction?

2. How many officers are there on each of these boards and commissions?

3. How many are full time and how many are part time occupations?

MOTION FOR PAPERS

NATURALIZATION—LIEUTENANT COLONEL A. G. WYGARD

Mr. Pearkes:

For a copy of all correspondence, documents and papers connected with the application for naturalization and the issuance, on February 28, 1944, of a naturalization certificate to Lieutenant-Colonel A. G. Wygard.

Mr. Bradley: Return tabled.

UNITED NATIONS

REFERENCE TO PRESS REPORT OF ADDRESS OF MR. MARTIN AT LAKE SUCCESS

On the orders of the day:

Right Hon. L. S. St. Laurent (Prime Minister): Yesterday the hon. member for Broadview (Mr. Church) asked me a question about a report in the Ottawa *Citizen* of a speech made at Lake Success by the Minister of National Health and Welfare (Mr. Martin). I have here the report which appeared in the *Citizen* of November 1, and I should like to read the relevant passage so that the words quoted may be in their proper context. The portion of the report to which I refer reads as follows:

Many persons have criticized the United Nations as a mere debating society, Martin said. But the fact that the countries come together to air their grievances was ample justification for the body.

Then this is quoted:

"Just think of the world tension that would exist if the Yugoslav question were not being discussed in the United Nations," he said.

He pointed to United Nations work in Palestine and Indonesia as examples of its success in keeping conflicts from becoming widespread war.

Then there is another quotation:

"We have begun here the kind of organization that will some time exist as surely as our federal and provincial and city governments exist."

That is the end of what is stated as a quotation. The report goes on:

The United Nations will gradually assume legislative character and the International Court of Justice will assume responsibilities similar to those held by national supreme courts.

From this report I think it will be apparent that the minister was not stating government policy, or policies of any kind, but was attempting to make a forecast of the kind of development of international co-operation which those who desire to see lasting peace and security in the world would hope for some time in the future.

COMBINES INVESTIGATION ACT

FLOUR MILLING INDUSTRY—INQUIRY AS TO REPORT OF COMMISSIONER

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): I should like to direct a question to the Minister of Justice. Has a report been made by the commissioner under the Combines Investigation Act on alleged violations of the act in the flour milling industry? If so, will the minister table it?

Hon. Stuart S. Garson (Minister of Justice): My hon. friend did not give me notice of this question. I shall be glad to give a reply tomorrow.

Mr. MacInnis: May I ask a supplementary question? Will the minister tell the house whether Mr. F. A. McGregor, commissioner under the Combines Investigation Act, has resigned, and if so, whether his resignation has been accepted.

Mr. Garson: I shall give to the hon. member for Vancouver East the reply that I gave to the previous question. I shall be glad to give an answer tomorrow.

Mr. Graydon: There should not be very much trouble in answering that question.

Mr. St. Laurent: When the hon. member becomes Minister of Justice, perhaps he will deal with these questions.

ROYAL CANADIAN NAVY

QUESTION AS TO IMPLEMENTING OF REPORT OF COMMISSION OF INQUIRY

On the orders of the day:

Mr. G. R. Pearkes (Nanaimo): Will the Minister of National Defence make a statement as to the extent to which the recommendations of Admiral Mainguy's report are being implemented?

Hon. Brooke Claxton (Minister of National Defence): I could not make a full statement on the orders of the day, but I can say that a survey of the report would indicate that there are approximately forty or forty-one specific recommendations. Thirteen of these recommendations had been carried into effect before the report was given to me. Six others are being proceeded with immediately. Four constitute part of a long-term program. The remaining eighteen are dependent on government policy, or are still subject to consideration. I shall be very glad indeed to deal with these matters more fully when the estimates of the department are under consideration, which I hope will be at an early date.

Mr. Pearkes: Would it be asking too much to ask the minister to tell us which of the recommendations have already been implemented? Merely to say that so many have been implemented does not really convey any information to the house.

Mr. Claxton: It would require a lengthy statement to deal with the recommendations, and I do not think it is the practice of the house to have such lengthy statements made on the orders of the day. If it were the wish of the house, I could spend half an hour or an hour going into them, either now or later, but I am sure it would not meet the hon. gentleman's wish. I can say that the report itself indicates that many of the recommendations have been carried into effect. These are matters which were receiving consideration both before the incidents which gave rise to the inquiry occurred, and after it commenced.

With regard to some of the more important recommendations, such as the Canadianization of the Canadian navy, of course I am in complete agreement with that, and will see that everything is done to implement it. One of these recommendations dealt with the putting of a maple leaf on the funnels of the ships of the Canadian navy. I had already given instructions to that effect, before the inquiry was set up, and that course was being taken as the ships went in for refit. Another recommendation has to do with officer training. There I might put it to the house that the officers who were largely concerned in any of the incidents were officers who had been trained under a system different from that which is now in effect, and which is much more genuinely Canadian than anything before, but has not yet been in effect long enough to produce any considerable number of officers for the navy. That, however, is coming. I could deal with other matters,

but since it is hoped that the estimates of this department will be reached next week, it would be much more convenient to go into them then, and into any other matters relating to the report.

Mr. Pearkes: What about the training ship?

Mr. Claxton: H.M.C.S. *Ontario* has already been set aside as a training ship. That is one of the recommendations which had already been carried out.

CROWN PROPERTIES

INQUIRY AS TO PAYMENTS TO MUNICIPALITIES IN LIEU OF TAXES

On the orders of the day:

Mr. A. Earl Catherwood (Haldimand): I should like to direct a question to the Prime Minister. In view of the statement made some weeks ago in the press that it is the intention of the government to make payments to municipalities in lieu of taxes on crown properties throughout the country, will the Prime Minister at this time say whether this legislation will be put into effect before the end of the present session of parliament?

Right Hon. L. S. St. Laurent (Prime Minister): The recent press statements referred to by the hon. member were not authorized by the government. I should not like to add anything today to what was said on the subject on October 26 by the Minister of Finance (Mr. Abbott), as reported on pages 1154 and 1155 of *Hansard*. Perhaps it might be well to recall it to the attention of hon. members. He said:

> The whole question of crown properties in municipalities has been under consideration for some time. I think the Prime Minister indicated to the Canadian federation of mayors and municipalities that it was hoped to be able to make a statement at an early day as to what government policy might be in that regard.

Then the hon. member for Eglinton (Mr. Fleming) asked this question:

> Will the statement be made before the end of the present session?

The Minister of Finance replied, "Yes."

TRADE

PRESS REPORT OF REMARKS OF MR. DONALD GORDON IN NEW YORK ON NOVEMBER 1

On the orders of the day:

Mr. T. L. Church (Broadview): Yesterday I handed in a question for the order paper. The chief of orders and notices told me that I would have to bring the question up on the orders of the day or on a motion to go into committee of supply. My question for the order paper was as follows:

1. Has the attention of the government been called to an address delivered by Mr. Donald Gordon in New York as reported in a Canadian Press dispatch appearing in the Ottawa *Citizen* of Tuesday morning, November 1, as follows:

> "Gordon calls on U.S. to Assume Role.
>
> North America, and particularly the United States, must assume the new role of furnishing a ready import market for the goods of other nations.
>
> Only by this action can the dollar shortage be effectively and permanently overcome, Mr. Gordon said in an address prepared for delivery before the 36th national foreign trade convention.
>
> Coupled with the opening of markets, North America also must supply development capital for less advanced reasons.
>
> Mr. Gordon said that, while past measures had served to fill the dollar gap temporarily, the fact was that North America's export surplus to the world must be eliminated or at least greatly reduced by increased imports if the dollar-short countries were to be placed on a sound basis."

2. Is this government policy, or is it not?

3. As head of the national railways was Mr. Gordon authorized to make this statement?

Did Mr. Gordon make this statement on behalf of the government, and did he go there for this purpose, or not?

Right Hon. L. S. St. Laurent (Prime Minister): I am sorry, but it is not possible to state government policy after the hon. member has read some newspaper report in tones that we cannot hear.

Mr. Church: I think that if they all came home from New York, the whole carload of them, there would be some hope of world peace.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Tuesday, November 1, 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. Rowe, and the amendment to the amendment of Mr. Thatcher.

Mr. R. R. Knight (Saskatoon): Mr. Speaker, I was amazed and disappointed at the answers which were given—or rather were not given—by the Minister of Justice (Mr. Garson) to the questions of the hon. member for Rosetown-Biggar (Mr. Coldwell) and the hon. member for Vancouver East (Mr. MacInnis). The country as a whole will be very uneasy until the answer to these questions is forthcoming; for it has been reported from very reliable sources that Mr. McGregor has resigned as commissioner under the Combines Investigation Act. I know not whether the rumour is well founded, but if it is, I shall say this, by way of tribute to the man and to his work, that his services will be sadly missed by this country as a whole, for he is

a man who has done splendid work. He has stood up squarely against what I personally consider to be forces of iniquity. He has not only faced the enmity of those great forces which he has been trying to investigate—and under handicaps—but he has stood up against laggard negligence in high places in regard to his investigations.

I propose today to bring against this government a general indictment in that it has not protested, for the protection of the consuming public in this country, against the depredations of combines formed in restraint of trade and for the deliberate purpose of consolidating their forces in order to exploit the public for their own profit.

Perhaps there is some justification for the common talk that prosecutions are often taken against the little man, and that he is shown no mercy. He must keep within the bounds of propriety—yes, and within the bounds of law. But when dealing with the public, if you are big enough and sufficiently consolidated you can do almost anything, and do it with impunity. I shall not go as far as one of my colleagues went the other day when he said that one could get the measure of justice for which one could afford to pay; but I do say that immunity is sometimes enjoyed by these combines. And as it is so enjoyed it is nothing short of a national disgrace.

Let me remind the house of four particular cases which I have in mind. In the past there have been submitted to the house certain reports, known as McGregor reports, having to do with alleged combines in the dental, optical and bread-baking industries; and I understand the report is now ready but has not yet been tabled in respect to the flour milling industry. A question was asked in the house today in regard to that report, but was not very satisfactorily answered.

An hon. Member: Not answered at all.

Mr. Knight: No, not answered at all. Whether or not proof of illegal activities in this latter case has been found, I do not know; nor shall we know until the report has been tabled.

What has been the fate of these reports? What action in the interests of the people of Canada has the government taken in these matters? So far as practical results go, none. A feeble and anaemic attempt at prosecution under the Combines Investigation Act was made in the case of the dental combine. I believe it was Mr. Ilsley who reported to the house that, because of legal technicalities, the matter had been dropped. In the meantime some of our aged people on small incomes are going without dentures. A dealer in dental supplies in my own city of Saskatoon was refused supplies from his wholesale house unless he agreed to sell the articles supplied him at prices dictated by the combine. This is not a matter of conjecture; it is a matter of proven fact.

Is this what my hon. friends on the government side of the house mean when they talk to us about freedom of enterprise? This gentleman, who happened to be a personal friend of mine, was forced out of business and out of the exercise of his profession by the depredations of these people.

In the matter of optical supplies, old age pensioners have been doing without the spectacles they need. I am glad to be able to say that in my own province the load has been taken off the back of the individual, or off his purse, since the government of that province began furnishing, along with free hospitalization and medicine, glasses to old age pensioners requiring them. But the high prices impose a heavy load upon the social services branches of that government.

The general public has become increasingly the victim of these high prices, some of which may be attributed to the depredations of these combines. The cost of living is high enough now, goodness knows.

If I might digress for a moment from the particular subject in hand, I would refer to an article appearing in my Saskatoon paper which I read this morning, and having to do with price increases. It says—

> An increase of six or seven cents in the retail price of a pound of coffee was forecast today as a result of a five-cent boost—

And it will be noticed that the boost is only five cents.

> —in the wholesale price. The retailers expect the new prices will take effect at the beginning of next week.

When compared with these other combines to which I have referred, this is only small potatoes; but it is an indication of the trend of the times. When these people were asked to explain a six or seven cents increase in the retail price in view of a five-cent increase in the wholesale price, one retailer explained that these were additional operating costs which the increased price would impose. The consumers are now paying an average of sixty-five cents per pound for coffee.

Let me return to the McGregor reports, which, I say, are tremendously important. With the exception of the action taken in the dental case I do not know of any action having been taken in the others. And so these commercial highwaymen carry on their nefarious trade under the benevolent eye of this government. I shall be told that the eye of the government is not benevolent in that regard. Well, we can judge only by their lack of action. I shall be told that the statute known as the Combines Investigation

Act is not a piece of legislative machinery at all, but so much legislative scrap. With that I agree. I shall be told it has no teeth. Whose responsibility is that? Who drew up the legislation? Has this government no law officers of the crown? They have known of this inefficiency for years. Why has not the situation been remedied?

Mr. Gibson (Comox-Alberni): Should we shoot them without a trial?

Mr. Stewart (Yorkton): Will the hon. member permit a question?

Mr. Knight: May I anticipate the hon. member's query? If he is going to ask if he may ask a question, may I say that I am not prepared to permit it at the moment.

Mr. Stewart (Yorkton): Will the hon. member permit a question?

An hon. Member: He said no.

Mr. Knight: I do not know what comment the hon. member wished to make, but I fancy there are cabinet ministers who ought to be able to defend themselves without the help of backbenchers across the way.

There has been too much delay in these matters. To a layman the process of law is inconceivably slow. The man in the street, the ordinary chap like myself, thinks to himself, with some justification: We have in Canada a legislative body to make and to amend the law. We have here, we hope, an executive body to carry out that law. The reason we can get no action is that the government is apathetic and has not the will to act.

I would ask whether or not that is a reasonable supposition for the man in the street to entertain. The process of law operates slowly, like the mills of God. We are told that though the mills of God grind slowly, yet they grind exceedingly small. May I say that the analogy applies only to the first part of that statement, because it seems to me there is always an escape somewhere for these culprits between the upper and nether millstones. They can find loopholes somewhere in the drawn-out and tortuous proceedings.

That word "tortuous" is a good word. It makes me think of a couple of good lines—I think they are from Horace, although I am not certain. In any event they relate to the story of the young Roman who for hours faced his tormentors—and I presume they would correspond to the crown prosecutors of today—but who stood firm and refused to divulge the name of his partners in guilt, and *omne tempus sciebat quae tortor pararet*—during all the time he was keenly aware of what the *tortor* was preparing for him. The culprits in this combines matter do not appear to be worrying unduly over what the Minister of Justice (Mr. Garson) is preparing for them. I have no doubt that when the Minister of Justice was studying law his parents and relatives were proud of him, but may I say to him that when the Romans had a *tortor* in the family they did not tell anybody about it. A *tortor* was a twister of the rope—in short, a hangman.

In view of the answers that we did not receive this afternoon I am going to suggest that the prisoner at the bar is not the guilty party so far as these combines are concerned. The only bar at which they stand is the bar of public opinion. The real prisoner at the bar has been this man McGregor, this investigator of combines in this country, who has resigned. He is the man who stood staunch and true in the face of iniquity and in the face of great odds, knowing, too, perhaps all the time, what was to happen to him. Has it happened? I cannot say much more about this until I have the facts. I have directed some general indictments of negligence against the government—I almost said criminal negligence, but I am not just sure that the word "criminal" would be parliamentary.

I should like to say a word or two about the companies which supply us with gasoline and fuel oil. The parity of their prices is not wholly coincidental. On October 13, 1949, Hon. J. W. Corman, attorney general of Saskatchewan, addressed the following letter to the Minister of Justice:

Dear Mr. Garson:

On behalf of the government of Saskatchewan I respectfully draw your attention to a news item appearing in the Regina *Leader-Post*, September 24, 1949, which reads in part as follows:

"A price boost ranging from one cent to 1·3 cents per gallon on gasoline and a half cent per gallon increase on light fuel oils, effective immediately, due to devaluation of the Canadian dollar, was announced Saturday by A. A. Turner, Saskatchewan manager of Imperial Oil Company.

Other major companies are expected to follow.

The increases in gasoline and fuel oil prices is a reflection of increases made in Alberta crude oil prices, made to permit Alberta fields to come back into balance with world prices following devaluation of the Canadian dollar.

'The effect of devaluation was to reduce Alberta crude prices below their competitive level,' he said, 'and current adjustments made up the difference'."

As reported on page 880 of *Hansard* of October 18, the hon. member for Assiniboia (Mr. Argue) asked the following question:

I should like to direct a question to the Minister of Justice, a copy of which I have sent him. Can the minister state whether he will comply with the request of the attorney general of Saskatchewan that an investigation be made under the Combines Investigation Act into the recent price increases in crude oil, gasoline and fuel oil?

I should like to quote what I consider the only pertinent part of the minister's reply, as follows:

I do not think I should publish the letter before he receives it, but I shall be glad to have it tabled tomorrow.

The next day a copy of the minister's letter to Mr. Corman was tabled. The gist of the contents of the letter written on October 18 by the minister is contained in one paragraph. Hon. members should remember that this is the reply of the Minister of Justice of the Dominion of Canada to a request that an investigation be made. The paragraph reads:

We do not think from the information we have that the increases in prices to which you refer were the result of an agreement. It would appear to be the action of the largest company in the industry setting prices which its competitors later followed.

The oil companies must have been encouraged when they saw that answer. They must have felt more secure after that particular statement was made. However, Mr. Corman was not pleased with the answer he received, and he made a public statement on the matter, part of which I should like to put on the record of this house as follows:

I am still of the opinion a prima facie case for an investigation has been made out. The Minister of Justice has evidence pointing to the fact that all major oil companies raised prices in Saskatchewan at exactly the same time, by exactly the same amount and gave as justification exactly the same phony excuse, devaluation. That would be enough circumstantial evidence to send a man up for trial on a murder charge and, when backed up by a request from a provincial government should be sufficient to justify an investigation under the Combines Investigation Act.

The minister states that, from information he has, he does not think the increase in prices by the oil companies was the result of an agreement. He does not say what information he has nor how he got it, but in any event it is not necessary to prove an agreement. The act uses the words "tacit arrangement", and a combine exists if that tacit arrangement has the effect of (1) "fixing a common price or resale price"; (2) "enhancing the price of an article"; (3) "preventing or lessening competition in purchase, sale or barter".

So much for Mr. Corman's reply. The oil industry has been much in our minds lately, and apparently it is much in the minds of some of those who live outside our country. While on a fishing trip this summer I was in Calgary, and I remember picking up a copy of the Calgary *Herald* which contained a news item accompanying a picture of a number of United States magnates who were up there discussing how best they could dispose of our Canadian oil. I know that in the panicky expediency of our immediate dollar situation we seem to be prepared to part with almost anything for United States dollars, but I hope that we shall not too readily sell our natural resources birthright for a mess of pottage, either from the United States or anywhere else.

As I say, we are paying a lot of attention to oil these days. I think it is even more vital to our economy than United States dollars. This parliament has been giving favourable consideration to applications that have been made for permission to build pipe lines to transport oil from place to place. I supported most of those applications wholeheartedly. However, the price of oil was recently raised all over the country, and the reason given was the devaluation of our dollar. Of course that action did not receive such hearty support. The government recently introduced a budget resolution to do away with the eight per cent sales tax on oil, and I think most hon. members will agree with that. The oil men have been attacking this sales tax, and there is no doubt that its imposition bore heavily upon certain oil fields, notably the one at Lloydminster. As I say, that is all right, and I supported it. I believe that action was necessary, because they were competing with coal which was not under the burden of that particular tax. Most of us welcomed the taking off of that tax. I say we welcomed that encouragement of the oil industry.

One of the large oil companies has received a licence from this government to transport oil outside of our national boundaries, and I believe that that is against the wishes of the majority of the people of this country. I have no doubt my backbencher friends on the Liberal side will rally behind their Minister of Trade and Commerce (Mr. Howe), just as our Saskatchewan friends rally behind the Minister of Agriculture (Mr. Gardiner), irrespective of what they say or do. They have to demonstrate their faith in the men who lead them.

These companies have obtained valuable considerations. Their business will be greatly augmented and their profits greatly increased. The Minister of Justice (Mr. Garson) looks with unsuspicious eye, with naïveté on this setting of prices. But how are the companies prepared to reward the consuming public for this favourable consideration? This brings me to the specific matter which prompted me to speak today, although this other question, which I consider much more important, has arisen. I wish to consider particularly the extent to which the situation which I am now about to describe is the direct result of the pronouncement of the Minister of Justice that he could see no evidence of combined action in the recent rise in the price of oil. I suspect it has something to do with it. A company selling fuel oil will feel much more comfortable when they know they have the Minister of Justice, if not on their side, at least looking upon them with some benevolence. He is smiling at me now, and I

hope in the same spirit. At any rate, I wish to state the following facts which I shall prove.

In my home city of Saskatoon many people, and among them myself, have changed from coal to oil for the purpose of heating their houses. They have done so not only because it is a clean fuel but also because many people believe that, with oil wells upon their doorstep, it will follow *ipso facto* that a supply of oil will always be available, and at reasonable prices. Like the Minister of Justice, they are perhaps somewhat naive. They must have been startled out of some of their naivete by the news of Wednesday last when an announcement was made that fuel oil, which is costing Regina consumers 14·6 cents per gallon, was to be sold to Saskatoon consumers at 18 cents per gallon.

Even hon. members from eastern Canada know something about the geography of that part of the country, and have some idea of the distance between those two places. Of course inquiries were instituted, and notably by our local newspaper in Saskatoon. I should like to quote from a news report appearing in that paper. I do so because it presents the situation more clearly than I can, inasmuch as they are on the ground. It is from the Saskatoon *Star-Phoenix* of October 27, 1949. I shall not read it all because time is slipping along, but the pertinent part is as follows:

Information obtained showed that Imperial Oil, Hi-Way Refineries and Husky Oil were the three main wholesalers of domestic fuel in this city. Imperial Oil transported crude oil from the Lloydminster field—

If I may break off there, it is rather interesting to note the expense these companies have to deliver oil to my door in Saskatoon. It is an interesting point when you are thinking about whether there might be any collusion between them. The article continues:

—to Regina for refining and then shipped a portion of the domestic fuel here for consumption. Hi-Way also obtained crude from the Lloydminster field and refined the fuel oil at its local plant.

That is at its Lloydminster plant, which I had the pleasure of seeing about a month ago. I hope you have the picture. I continue to read:

Husky's fuel oil was refined at its Lloydminster plant and shipped to Saskatoon. Also obtained were freight charges said to be paid by the three firms. Imperial reportedly paid 3·22 cents per gallon to transport crude from Lloydminster to its Regina refinery and a further five cents per gallon to ship domestic fuel from Regina to Saskatoon;—

It looks like a lot of freight to ship a gallon of oil from Regina to Saskatoon. I expect that the Minister of Trade and Commerce, who is paying some attention to me, will know whether refined oil carries a higher freight rate than crude oil. It appears that it is costing eight cents per gallon to take it from the point of production at Lloydminster to the refinery at Regina, and then back to Saskatoon. The article continues:

—an over-all freight cost of more than eight cents per gallon to deliver fuel oil here.

Hi-Way Refineries were said to pay 2·3 cents per gallon to transport Lloydminster crude to its Saskatoon refinery.

They have a small refinery in Saskatoon. The oil is brought there from Lloydminster, refined, and delivered by truck to homes like my own in Saskatoon. The article continues:

Husky Oil was reported to pay 4·44 cents per gallon to ship refined fuel from its Lloydminster refinery to this city.

There you have the situation. You have a tremendous diversity in the cost that each of these companies has to pay to deliver a gallon of oil to my door, but the price of the oil is the same, 18 cents a gallon to me, and 14.6 cents to my friends in Regina.

The newspaper report went on to say:

Few officials of the firms involved were available for comment. Those available declined to make any statement.

Like the minister today they declined to make any statement until they had further considered the matter. I wonder why they would need time to consider it. I wonder why the minister should take time to consider the matter of the resignation of the combines commissioner. I am going to suggest that the officials of these companies needed time for exactly the same purpose that the minister needed time, to consult their colleagues and then to come out with a definite answer agreed upon by the whole lot. If that is not collusion then I do not know what collusion is.

I do not blame the officials of these companies for not making any statement rashly, because it is certainly a situation which needs careful explanation. I wish to draw attention to the fact that there is a great difference involved in the expense borne by each of these firms to deliver oil at Saskatoon; and yet, as I said before, the price is exactly the same. I presume the minister would not call that collusion, but just one strong company setting a price which the others are inclined to follow. As to the validity of that argument, I shall allow the house to pass its own judgment.

I can give you the judgment passed upon the matter by editorial comment in the west, again in the same newspaper to which I have already referred. The editorial is too long to give in full, but I shall read some of the parts relevant to the argument which I have already advanced. It reads:

With the disclosure that we are paying 3½ cents more for a gallon of fuel oil than Reginans, the smell which surrounds the whole oil industry in this

province becomes even less delectable than it was a couple of weeks ago when Mr. Corman asked for a federal investigation. It will be recalled that the attorney general's request was prompted by a rise in the price of oil products announced simultaneously by all the companies. This, thought Mr. Corman, constituted a first-rate case for the investigation of the industry under our federal trust-busting act. In a rather weak and unsatisfactory statement—

Hear, hear.

—Mr. Garson disagreed with this contention. He did not think there was any evidence to indicate the existence of an "arrangement" between the companies to restrain trade or control prices. What was more likely, he said, was that Imperial Oil, by virtue of its hugeness, was the price leader in the oil industry, and that the smaller companies simply followed its lead. He pointed out that unless the existence of an "arrangement," tacit or formal, can be proved, our anti-trust laws cannot be applied.

So the matter stood until a few days ago when we discovered that, whether by "arrangement" or not, we in this city are paying a good deal more for our oil than we should. The wrathful reception accorded this news is entirely justified since this city enjoys advantages which in all justice should provide us with oil at a price well below that in Regina.

Saskatoon is supplied by three oil companies—Imperial, and the two independents, Husky and Hi-Way. Almost all the oil used here comes from the Lloydminster area.

That area is not very far away.

Imperial carries its share of this crude to Regina, refines it there and returns it to Saskatoon. On the other hand, the oil sold by the independents is refined either in Lloydminster or in Saskatoon. Thus, to deliver an oil product in Saskatoon costs Imperial a great deal more than it does the independents. In fact, according to figures provided by the railway, Hi-Way enjoys a freight advantage of 53 cents on each hundredweight and Husky an advantage of 31 cents.

Yet the price of oil is the same to the consumer in each case.

Yet despite this our oil prices are based on the cost of carrying crude from Lloydminster to Regina and returning oil products to Saskatoon. In other words, our independents are accepting the Imperial price. On the face of things, even allowing for more efficiency in Imperial's refining processes, the independents should be able to sell oil here well below their big competitor. Under conditions of free competition this is precisely what would happen.

I draw the attention of hon. members to the last line of that paragraph: "Under conditions of free competition this is precisely what would happen". I regard this as particularly intelligent editorial opinion; and in the view of that editor, price competition among these companies is not free. In other words, in regard to prices there is no competition.

The newspaper goes on to analyse the position of the independents in the matter. These companies realize that in a price war, Imperial, with its world-wide resources, could and would simply put them out of business. There is no reason why the independents should seek any price war. Why should they be dissatisfied with the present situation, when it contains so much that is in their favour? As very little chickens, they are content to bask in the warmth and protection of the mother wing.

This is the situation in my native city, but I expect similar conditions prevail in other parts of Canada. I feel that the whole matter—and by that I do not mean only the oil business, but also these other things—is of such vital importance to my own constituency that I considered it worthy of a public airing here; and I feel that it is even more important as a matter which involves the country as a whole. However, I am well aware that companies of this kind cannot be shamed into action. I well remember how the Minister of Finance (Mr. Abbott) used to tell about reasonable prices. We would plead with him to see that the great interests of this country should not exact too much profit, and he would tell us he was quite sure that the mere publication of these things would shame these people into decency. May I say that shame and profits do not mix. So I know companies of this kind cannot be shamed into action which would interfere with their profits. We have a government in this country which has as one of its major functions, as I see it, the protection of the people as individuals, protection from those who would twist the law in order to exploit them. I call upon the government to take immediate remedial action. By so doing it has an opportunity to allay the suspicion, now often present in the mind of the man in the street, that he has no protection from the depredations of those who bring together money and power in a combination with which he is unable to cope.

If I may direct one last word to the minister, if the resignation of Mr. McGregor has not taken place I wish the minister would deny it, so that our minds may be at rest on this particular matter.

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, it had not been my intention to take part in this debate, but in view of the spirited attack we have just heard, particularly in reference to myself as minister, I think it behooves me to take some cognizance of the remarks of my hon. friend, and to attempt, albeit extemporaneously, to reply to them. Without the privilege of examining the report of his speech in *Hansard* to make sure I am answering every detail, I think it is not unfair to say that his attacks fall under three heads, as I understood them; first, with regard to dental supplies; second, with regard to optical goods, and third, with regard to the letter I received recently from the attorney general of Saskatchewan, relating to petroleum products.

Mr. Argue: And flour.

Mr. Garson: Well, flour is the subject concerning which I was asked these questions, to which I replied that, having had no notice of them, I should like to bring down an answer tomorrow; I must adhere to that position.

I want to go into the matter of dental supplies in some little detail, because it has a bearing upon all these other matters. In that instance the report of the commissioner was published in July, 1947. It alleged that seven manufacturers and seven wholesalers of dental supplies, all members of the Canadian Dental Trade Association, had formed and operated a combine which had effect throughout Canada. Most of the companies had their headquarters in Toronto. Two had headquarters in Fort Erie, Ontario, and one each in Montreal, Halifax and Vancouver. Several had branches in different parts of Canada. In 1945 these companies controlled about eighty-seven per cent of the dental supply business in this country. In the report handed to the Minister of Justice in 1947 it was found that these companies had agreed upon common wholesale prices for their products and had restricted the entry of any new wholesalers into the field; and that these activities had limited competition, to the detriment of the public.

My hon. friend alleges tortuousness and deliberate inaction by the government in these matters—I take it he is referring to my predecessors in office as well as to myself, since I hope he is not picking on me personally. His allegation is quite contrary to the facts. In the dental supplies case the facts were that the report was turned in, and then, on the instructions of the then Attorney General of Canada, a charge was laid in Toronto under section 498(d) of the Criminal Code of Canada for conspiring to lessen competition—that is, a charge of conspiracy. Mr. D. L. McCarthy, K.C., one of the outstanding counsel of Canada, was retained as senior crown counsel. He was assisted by two other gentlemen, both extremely competent counsel: Mr. Peter Wright and Mr. D. A. Keith, both of Toronto.

The trial was held in February and March of 1948, before Mr. Justice Barlow, with a jury. It took quite a long time. I understand that on previous occasions it had not been the practice of corporate defendants to call for a jury, but in this case they asked for a jury trial. That immediately presented difficulties in the prosecution of the case, because in a jury trial it is necessary to read all the exhibits verbatim. In a case of this kind, where the evidence for the crown consisted almost exclusively of over 1,800 separate documents seized under search warrant from the files and premises of the accused companies, it meant that the physical business of reading the exhibits to the jury took a great deal of time, protracted the trial and made for a complexity and confusion which by no means facilitated the proving of the crown's case.

The evidence was tendered merely on proof of seizure. That is, the members of the Royal Canadian Mounted Police had gone in and made these seizures, and the documents were tendered as evidence on the basis of having been seized, under the conspiracy principle that documents found in the possession of an accused, which are of an incriminating nature, are evidence against him. This evidence was accepted by the judge on this basis at an early stage in the trial. Upon completion of the crown's case, however, the trial judge accepted the defence argument that these documents were insufficiently authenticated, and directed the jury to render a verdict of not guilty.

In giving this direction he indicated that he was not satisfied with the proof in relation to these documents, on some or all of the following points. First, that the persons purporting to write the letters and so on, as evidenced by these paper writings seized, had in fact written the letters which the paper writings purported to indicate that they had written; second, that such persons were in fact officers of the accused companies; third, that the accused companies had authorized such persons to perform the acts complained of; and fourth, that the companies themselves in fact existed. That is, the corporate existence of the company, as the judge held, had not been established satisfactorily.

The crown in that case contended that all of these points had been abundantly established by the interlocking circumstantial evidence of possession which had been tendered in these 1,800 documents which had been filed. Therefore, in the face of this judgment—and again I bring this forward as an example not of any neglect of duty or tortuousness, but of the diligent performance of duty—crown counsel was instructed to enter an appeal against that judgment. Argument was heard by the Ontario court of appeal in September, 1948. Judgment was reserved, and was delivered on February 28, 1949.

In upholding the ruling of the trial judge Chief Justice Robertson of Ontario said that the criminal acts charged must be brought home to the companies and that the proof required in the case of a company differs somewhat from that required in the case of an individual conspirator. In explaining this statement, he held that the mere possession of documents by a company to the extent that the documents were upon the

premises or even in its files might not, without additional proof, afford grounds for an inference that their contents had come to the knowledge of someone in the company having authority to deal with the matters to which the documents related. The chief justice went on to say that one objection common to all the letters was the absence of evidence that the writing of them had been authorized by any of the accused companies or that anyone having authority to bind the company had any knowledge of the sending of any of these letters, or of their receipt, or of their contents.

The point that I want to emphasize here that there was no lack of any diligence on the part of the Department of Justice, in connection with the Combines Investigation Act, or on the part of Mr. McGregor and his officials in that department, or on the part of crown counsel. I may say, Mr. Speaker, that if this judgment is permitted to stand and if in cases of this sort it is necessary as part of the crown's case that we should prove that the acts which are referred to in documents seized in that way have been authorized by the board of directors in a formal manner, we think it will be almost impossible to administer the Combines Investigation Act. The hon. member for Saskatoon (Mr. Knight) referred to the dilapidation in the legislation. If dilapidation exists in any respect at all, it exists more by virtue of this one decision than by any other circumstance.

I cannot anticipate my own legislation but I think it is not improper for me to say that within a matter of days now we shall be bringing down a bill to amend the Combines Investigation Act, by one of the sections of which we hope to cure the situation in which this matter has been left by the decision of the Ontario court of appeal. As to the dental supplies case, I do not see how the most carping critic of this government, or of the Department of Justice or of myself as its minister, could indicate that we could have done any more than we have done or could have been any more diligent in any way than we have been.

The next point my hon. friend refers to is the optical goods case. He says that there have been poor results there, with which he is dissatisfied. May I outline for a moment or two, as briefly as I can, what was done by the department with regard to the matter of optical goods. In that case the report of the commissioner to the Minister of Justice was published in April, 1948, and it alleged that a combine existed throughout Canada in the manufacture and sale of optical goods. The report stated, first, that a Canadian company, with branches across Canada, and its parent company in the United States had substantially controlled the optical goods trade as a "merger, trust or monopoly"—those are the technical terms used in the report—to the detriment of the public; and second, that the same two companies, together with a related patent-holding company and some twenty-five optical goods wholesalers throughout Canada, had combined to lessen competition to the detriment of the public. The agreements were based upon licences granted under eleven patents on spectacle frames. These patents covered more than seventy-five per cent of all optical goods. Licences were issued under the patents to wholesalers and retailers: optometrists, opticians and doctors. The licences specified the persons to whom sales could be made, the types of products to be sold, the types of lenses to be used with the patented frames and the prices at which frames and lenses could be sold at wholesale and at retail. The report also dealt with the subsidiary price-fixing arrangements between manufacturers and wholesalers of lenses.

Prior to the investigation the Attorney General of Canada, on the advice of the commissioner, took action in the Exchequer Court of Canada under the Patent Act to have seven of the patents declared invalid. They were in large part the basis of this arrangement and that was an alternative mode of attack. Counsel had advised that the patented features were not sufficiently novel and ingenious to be patented. Since these proceedings began in 1943, two of the seven patents have been declared invalid; two have been dedicated to the public, the patentees having abandoned their defence, and entry of judgment will be made shortly; one patent has expired; and the other two are still before the exchequer court, Mr. Justice Thorson having reserved judgment following the trials which were held in October, 1947, and May, 1948. If all these patents are declared invalid, the main support, foundation and basis of these arrangements complained of will disappear. Similar action is also pending to expunge from the register two key trademarks on optical goods.

During the investigation the parties involved cancelled all the retail patent licences and most of the wholesale patent licences, thus further reducing the basis of control. Since the report was published, the patent-holding company cancelled its remaining wholesale licences and apparently abandoned entirely its operations in Canada.

Now, sir, apart from these patent attacking cases, the Minister of Justice submitted the optical goods report of the commissioner to an eminent counsel in the city of Ottawa,

Mr. J. D. Watt, K.C., for an opinion, as to whether we could likely succeed on a prosecution based upon the optical goods report. Counsel advised us that in his opinion, on the various points involved, the matter should be deferred until after the court of appeal had given judgment in this dental case. The matter had been referred to him before the court of appeal had given judgment, but after the first trial had been held in the dental case. He said, in effect "that he was not prepared to give an opinion until after the court of appeal has pronounced upon these points that have been raised in the trial court judgment in the dental case."

Since appeal court judgment has come down the counsel has recommended that no charge be laid in this optical goods matter. His principal reasons were the difficulty of proving continuity of possession of many of the documents obtained during the preliminary inquiries in the war years, the death and incapacity of certain key witnesses, and the difficulty of proof of corporate authority for making the agreements and the arrangements involved, since the dominant companies are United States companies and it is not possible to secure reliable witnesses in Canada to testify in this respect, and also the fact that there had been a fairly complete abandonment of the arrangements which constituted the basis of that case. I am sure, Mr. Speaker, hon. members would understand that if, we will say, in this optical goods case it is necessary, in respect of matters which were claimed to be conspiratorial in nature and contrary to the law, to prove that the board of directors of the various conspiring companies formally sat down together and authorized these things to be done, we would have a very difficult time ever acquiring evidence to prove facts of that sort.

It appears then that while we admit there are strong reasons of public policy, such as those my hon. friend mentioned this afternoon, against the practice of abandoning a prosecution of this sort merely because all of the restrictive arrangements in the face of these activities have been withdrawn; and particularly, as in this case, where they had operated for some time; yet these evidentiary difficulties, in the face of this court of appeal judgment in the dental supplies case are so formidable that we considered in this case we should follow the opinion expressed by a highly competent counsel.

Now may I turn for a moment to the matter of the increase in the price of oil products and the letter which was written to me by the attorney general of Saskatchewan, complaining about that increase and asking that we institute an inquiry under the Combines Investigation Act to determine whether or not that increase had been the result of an agreement to fix prices, which is what we have to prove in order to secure a conviction. The first point that I would make in that connection is that Mr. Corman's own letter quoted a press dispatch which indicated that the increase in price of petroleum products was the result of devaluation of the Canadian dollar. It would seem that this point, which is made in Mr. Corman's letter—I do not know whether he was expressing agreement with it or not; I think the general tone of his letter rather implied that he disagreed with this news dispatch—but what he quoted, whether he agreed or disagreed, is not without some pretty substantial foundation. The fact is that in Canada today 87 per cent of all our crude oil requirements are still imported and for the most part from dollar countries. The Canadian price at parity of exchange, apart from the question of transportation and the like, is equal to the United States price when the United States dollar is equal to the Canadian dollar. If you take a typical imported barrel of crude—I am speaking from memory now; I do not vouch for this figure—I think you will find that the price was $2.53 a barrel. When you devalue the Canadian dollar by 10 per cent it means that that price of $2.53 in United States dollars becomes approximately $2.80 in the new devaluated Canadian dollar. When the price of imported crude, which constitutes 87 per cent of the total amount of crude consumed in Canada, goes up about 25 cents a barrel it establishes a market price for Canadian oil; and unless we are going to ask our friends in Alberta to be kind enough to take less than the market price for their oil, which I am informed they have strongly signified their unwillingness to do, then the price of crude generally in Canada rises as a result of the devaluation of the Canadian dollar in precisely—I should not use that word; it is too strong a word—in much the same way, shall I say, that the price of Canadian wheat rose by 18 cents. I did not hear the hon. member for Saskatoon (Mr. Knight) or the attorney general of Saskatchewan complain about that rise in the price of wheat, any more than I have complained, because we all represent agricultural communities, and we are glad to see our producers get as favourable a price as possible, but devaluation has much the same effect in relation to the price of petroleum and of wheat.

It is quite true that the situation on the prairies—and the hon. member for Saskatoon dealt with this in greater detail than I shall be able to do because he had a prepared speech

—is technically different perhaps in a sense because the crude oil is not imported. Yet the domestic crude oil has a market price just the same as imported crude oil, and recent legislation of the Alberta government authorized the conservation board of that province to restrict the production of oil to the amount for which there is a demand so as to make certain that such oil as is produced shall have the market price. This leaves the price of domestic crude greatly affected if not established by the price of imported crude from dollar countries.

My hon. friend asked what knowledge I had about this matter that I referred to in my reply to Mr. Corman. Well, sir, it obviously was not any knowledge that I personally have, because I am sure that my hon. friend would be the first to agree that with the other duties I have to perform I cannot keep a personal eye upon the fluctuations in crude oil prices or the operations of the combines investigation administration in relation to the petroleum industry.

The first step I took in relation to Mr. Corman's letter—and a very obvious one—was to call in consultation Mr. McGregor and discuss with him the letter of the attorney general of Saskatchewan to see if our combines investigation office, which tries to keep itself fairly well posted in respect of these developments in all industries as well as it can, had any information which would indicate that the increase in price bore any earmarks which, coupled with the information we had, would indicate that it was the result of an agreement to fix prices. I was informed we did not have any such information, and moreover that it was thought, not only by the combines branch but by marketing experts in the Department of Trade and Commerce, that the devaluation of the Canadian dollar, in itself, could very well account for the change in the price of petroleum products in much the same manner that it had accounted for the change in the price of wheat.

Therefore in the face of those facts, and especially when the letter of the attorney general of Saskatchewan bore on its own face an explanation as to why the price of petroleum products had gone up—and why they would have gone up, whether there had or had not been a combine—it did not seem wise to incur the large expenditure involved in an inquiry of this sort to investigate a matter which seemed perfectly explicable in the terms of the very letter demanding the inquiry—and especially when the facts which we had here confirmed that impression.

I have taken somewhat longer than I had intended. I am sorry to have trespassed upon the time of the house, but I thought it was desirable to place upon the record some factual answer to the rather strong and yet somewhat vague charges made by the hon. member for Saskatoon (Mr. Knight). Because, had I not done so, it would not have been fair to Mr. McGregor and the others in his department for whom my hon. friend seems to be so solicitous, and whom he appears to admire so much.

Mr. Knight: Would the minister permit a question before taking his seat?

Mr. Garson: Yes.

Mr. Knight: He has made no reference to the report on the flour-milling industry.

Mr. Garson: That is right. I said before that I would not make a statement until I had checked the matter.

Mr. Black (Cumberland): Is it not correct that optical appliances used in the optical industry increased very definitely in price after the report of the combines branch was brought down? Prices increased in the hands of wholesalers, or those who exported the articles to Canada. This has been represented to me by certain dealers in Nova Scotia as a matter of actual fact. They have pointed out that there were very definite increases in the prices of these articles after the report of the combines branch was brought down.

Mr. Garson: I should not like offhand to admit that my hon. friend is correct in his statement, but certainly offhand I would not contradict him. If he be right—as he may very well be—I would make this suggestion, that not all high prices are necessarily the result of price-fixing agreements. Such price-fixing agreements could be stamped out at the manufacturing or wholesale level, and if under conditions of relative prosperity such as we have at the present time retailers who have been in the habit of receiving certain prices for their products think they can get those prices, or perhaps a little more, then even on a competitive basis if the demand is sufficiently great they may be disposed to raise their prices—and this not necessarily as the result of any agreement or monopoly, but rather due to the fact that the competing firms do not have to cut prices in order to get all the business they want.

The Combines Investigation Act does not purport to do anything more than attack efforts to prevent competition operating. But if unrestricted competition be present, and prices still rise, it is beyond the purview of the combines branch.

Mr. Black (Cumberland): This increase, it is represented to me, was in defiance of the report brought down by the combines branch.

Mr. Garson: Oh, Mr. Speaker, I do not like to contradict my hon. friend, but I think he is quite wrong in that. As regards any of the matters in this optical goods case which came within the purview of the report, my impression is that all alleged illegal activities have ceased, and that if there have been any increases in prices since that time it has not been due to any of the restrictive practices condemned in the report. I am quite sure of that.

Mr. G. S. White (Hastings-Peterborough): Mr. Speaker, I wish to take this opportunity in the budget debate to speak briefly concerning the present condition of the textile industry in Canada. Last night I listened with keen interest to the remarks of the hon. member for Lanark (Mr. Blair), who pointed out that his county is most seriously affected by any change in relation to this industry.

Like the hon. member for Lanark, I have no interest or stock in any industry of this type, nor have I ever acted nor do I act now as solicitor or in any other capacity for any textile industry or company. I am speaking about the condition of the textile industry because of a full-page paid advertisement which appeared in the Belleville *Ontario-Intelligencer*, the issue of Saturday, October 8, 1949. The city of Belleville is located in the constituency of Hastings South, which immediately adjoins my own riding. In large type at the bottom of this full-page advertisement appears the words—

This is a paid advertisement published by Malcolm Robb, 15 Campbell Street, Belleville, Ontario.

Mr. Robb is a barrister practising in the city of Belleville; and while I do not know his political affiliations I do know from sessional paper 144-G of April 26, 1949, that he has drawn very large legal fees from various departments of the dominion government. I note for instance that in 1947 his fees from the Department of Agriculture amounted to $1,839, and in 1948 from the same department they amounted to $2,176. In addition he received fees from various other governmental departments. In the years 1946, 1947 and 1948 he received from the Department of National Revenue $5,561. So I take it from these fairly reasonable fees that Mr. Robb at least is not unfriendly to the present government. I do not know whether he is carrying on a one-man fight to destroy the Canadian textile industry, or whether he is simply a front for other interests.

This paid advertisement is addressed to farmers, housewives, merchants, workmen and manufacturers, and in large type at the top of the page appear these words:

The high tariff boys in the textile industry are at it again.

I have carefully looked through the budget speech of the Minister of Finance and have failed to find any tariff changes affecting the textile industry. To date I have received no petitions or letters in regard to the tariff on textiles. This paid advertisement contains a report which appeared in the Toronto *Globe and Mail* but the date is not given. This is an interview with Leslie Biggin, president of the Canadian Wool Company Limited, and I quote:

The devaluation of the British pound (sterling) by 30 per cent, followed by the devaluation of the Canadian dollar by 10 per cent, he says, has as net result put Britain "in a 24 per cent better position to dump British textiles into Canada than she was last week." The difference between the previous rate of $4.04 and the present rate of $3.08 is 96 cents which represents a reduction of 24 per cent.

And again:

The whole industry is now on a free trade basis with Britain. Already for the first seven months of 1949 British exports of wool fabrics to Canada averaged 54 per cent above the monthly rate during 1938. Worsted fabrics have been exported to Canada at a rate of 74 per cent above the 1933 monthly rate. In the month of July 1,729,000 square yards of wool fabrics were sent to Canada from Britain.

And further down:

Here is an item published in the London *Times* recently and dated Canberra, Australia, September 12:

"The government has asked the tariff board to investigate the effect on Australian industries of imports of knitted and woven piece goods, hosiery and underwear. Australian manufacturers have been protesting against the volume of these and other textile imports chiefly from United Kingdom.

We cannot depend upon our government asking our tariff board to conduct any investigation; therefore, we should immediately jump to our own defence by demanding an investigation if the industry is to survive.

Field Marshal Sir Stafford Cripps, with his able assistant, General Harold Wilson, who have so ably conducted the attack on Canadian industry, can now with the ammunition which they have provided themselves, plus the additional ammunition furnished by Ottawa, really turn on the heavy artillery. Unless something is done and done immediately the imports of British textiles will increase by leaps and bounds in the coming months."

The plan advocated by Mr. Robb in his paid advertisement is simply that Canada should not be engaged in the manufacture of textiles. Apparently Mr. Robb—this is borne out by his advertisement—is of the belief that Canada should be interested only in the primary industries of mining, fishing, agriculture and lumbering, and that no industry has a legitimate place in the economy of the country if it cannot survive without tariff protection. I am sure that this theory will be of particular interest to the industrial city of Belleville, the large town of Trenton and other manufacturing and industrial towns and villages in the county of Hastings.

If it is correct that in principle tariffs are set up to protect the standard of living of a country, then such tariffs should be regulated to a higher or lower degree as the standard of living increases or decreases. Mr. Robb goes on to state in his advertisement that the textile industry complains that it is on a free-trade basis with Britain, and he goes on to ask if that is such a terrible fate if the industry has any legitimate place in the economy of this country.

It is quite apparent that Mr. Robb is not interested in whether textile or other mills and industries close because they cannot survive the competition from abroad, nor is he interested in the unemployment that would naturally follow the closing of such mills or industries which cannot survive competition from abroad. The advertisement goes on to state:

Here's your chance for democratic action. Stop the textile high pressure group. Clip out—sign and mail the proper coupon to Frank Follwell, M.P., Ottawa—no postage required.

That is the hon. member for Hastings South. The advertisement then sets out five printed letters, all addressed to:

Frank Follwell, Esq., M.P.,
House of Commons,
Ottawa.

One is from a housewife, one is from a farmer, one is from a merchant, one is from a workman and one is from a textile worker. The letters are both interesting and amusing. For instance, the draft letter from the merchant to the hon. member for Hastings South reads in part as follows:

I am dependent for my livelihood on the prosperity of the people in my community.

I would rather have as customers farmers making $5,000 to $6,000 a year than textile workers making $22 a week. I would rather have as customers a railway man making roughly $300 a month moving the goods of this country to the export market than a textile worker making $22 a week. I would rather have as a customer a lumberman or worker in the newsprint trade who are highly paid, than the textile worker who is poorly paid.

I am sure it will be welcome news to the farmers of the county of Hastings, in which I reside, to be told that they are making $5,000 to $6,000 per year. I am sure that when the inspector of income tax at Belleville read that statement he must have nearly fainted. The reference to the weekly wage of $22 paid to textile workers is far from correct. I am advised by persons who are thoroughly familiar with this industry that textile workers receive, not only high wages but wages that are higher than those paid in other industries of a similar nature. The average wage is from $36 to $42 per week for a five-day week. The letter from the textile worker reads as follows:

Please don't think I am a textile worker because I want to be. I can't get a better paying job.

The textile industry, notwithstanding its tariff protection, does not pay high wages. It can't pay high wages because Canada is not a sensible place to be in the textile business. There is too little population spread over too large an area and none of the raw products are produced in any quantity here. The textile makers of Canada, even with high tariffs, can't compete with British textiles even after the British have paid the cost of transport across the Atlantic and trans-shipment across Canada. At least they say so, and it is probably true.

Now the reason why I can't get a decent paying job is because of the high tariffs on textiles. I should be in a high paid job in a natural Canadian industry shipping to the export market. But since by our tariffs on textiles we keep England and other countries from earning hundreds of millions of Canadian dollars, they can't buy hundreds of millions of dollars of the natural products of this country and I can't work in making such products at good rates of pay. It is just that simple.

Mention is made in that letter that Canada is not a sensible place to be in the textile industry. That sounds rather strange to me when I remember that last night the hon. member for Lanark (Mr. Blair) placed figures on *Hansard* to show that the textile industry in Canada employs no less than 180,000 workers. No doubt the majority of those workers have dependents, and a fair estimate would be that at least 500,000 Canadian citizens are dependent on the textile industry for their living. In the riding of the hon. member for Lanark there are eleven textile mills employing a large number of both men and women. Those mills are located at Perth, Smiths Falls, Lanark, Almonte, Carleton Place and Appleton.

I doubt if you will find another county in Ontario that has more prosperous towns and villages than the county of Lanark. Its prosperity is reflected in the good stores, well kept homes, schools, churches, community centres, good roads and everything else that helps to make a community prosperous. There can be no question that the textile industry in the county of Lanark is of great value to the economic life not only of that county but of all eastern Ontario, and in fact all of the Dominion of Canada. I submit that such prosperity could not exist on wages of $22 a week as suggested in this paid advertisement.

The five letters to which I have referred all urge the hon. member for Hastings South (Mr. Follwell) to resist tariffs on textiles. I wish to make it plain that I am not suggesting in any way that there is a tie-up with the hon. member for Hastings South in this so-called one-man war by Mr. Robb. That will be for the hon. member for Hastings South to explain. No doubt he has received many of these sample letters as printed in the Belleville paper. I for one am interested to learn just what the hon. member for Hastings South, who is a supporter of the government, is going to recommend to the government in

response to the letters he has received. Is he going to suggest or recommend to the government that the whole Canadian textile industry, with some 180,000 workers and at least 500,000 Canadians dependent on it for their livelihood, be wiped out? I ask further whether it is the policy of Mr. Robb and the hon. member for Hastings South to advocate the removal of all tariffs, including presently existing tariffs that benefit many industries both in the city of Belleville and in the county of Hastings?

The present member for Hastings South is a former mayor of the city of Belleville. During his term as mayor he and his colleagues were quite successful in persuading several large new industries to locate in Belleville or immediately adjoining the city. Belleville is fortunate in having main lines of the two main railroads running through it. It has good water and highway transportation, cheap hydro, and other facilities that made it attractive to large industries looking for a new location. In addition, the city of Belleville is ideally situated for the distribution of manufactured products to large centres east and west of the city. These new industries have brought added prosperity not only to the city of Belleville but also to the county of Hastings, and to all of eastern Ontario. The hon. member for Hastings South deserves full credit for his share of the work and effort in obtaining these new industries for his home city, but would they have located in Belleville, or anywhere else in Canada, if they were not protected by adequate tariffs from competition from abroad? These new industries naturally spread large sums of money throughout the city and the surrounding district. Every citizen has benefited in some way, a condition that has done much to add to the general prosperity of Belleville, the county and the whole region. The textile mills in the county of Perth have created exactly the same condition. Even Mr. Robb, who inserted this advertisement, has received benefits from these new industries.

I should like to ask how Mr. Robb or the hon. member for Hastings South would feel if a lawyer in another city started a campaign advocating a policy whereby the old and the new industries in Belleville and vicinity would be deprived of their tariff protection, and suggested that as far as Belleville and the county of Hastings were concerned they could revert to the primary industries of farming and lumbering. In my opinion you are never going to build a strong nation in this manner. Surely the whole problem must be looked at from a national viewpoint. For instance, in my riding there are various types of mines producing minerals for industry. If it were not for tariff protection these mines would not be operating.

I have had the opportunity of examining the yearly statements issued by some of them, and I was amazed to see the total amount of wages paid, the amount paid to the two national railways and to other carriers, the amounts paid in royalties, for trucking, maintenance, repairs and all the other hundreds of expenditures that enter into a modern industrial concern. These mines have benefited the whole county of Hastings, including the city of Belleville. I wonder whether either Mr. Robb or the hon. member for Hastings South would be in favour of abolishing the tariff protection enjoyed by these mining concerns, and thus have the mineral products now produced in Canada imported from the United States, thereby using more United States dollars.

In my opinion, if Canada is to develop into a great nation she must have other great industries in addition to the primary industries. No doubt all Canadians would like to purchase motor cars, electrical equipment and many other commodities at the prices paid for these articles in the United States, but would there be many Canadians who would be satisfied to see the huge motor car factories and the large electrical industries closed? Surely it is just as logical to advocate the closing of the automobile factories and the factories producing electrical products as it is to advocate the closing of the textile industries.

You have all seen and read the slogan, "Buy made in Canada goods to keep Canadians busy". It always struck me as a very good slogan. The British government has recently urged the textile industries in Great Britain to sell more goods to Canada. Their goods are produced under conditions of much lower wages than our own. In addition to food subsidies, which also reduce the production cost of Great Britain's textiles, the government offers to provide dollars for sales propaganda in an effort to increase the volume of exports to Canada. Naturally, as these imports increase, the market for our made-in-Canada merchandise decreases. There is a growing feeling on the part of Canadian business that it is time we in Canada called a halt to subsidization of the British socialist experiment. I agree in every way with the remarks made last night by the hon. member for Lanark, and I repeat his closing words that it is not in the national interest for the textile industry to be forced to close its doors, and to

force the thousands of workers in this industry out on the street to look for work wherever they can find it.

Before I finish I should like to bring to the attention of the Postmaster General, and I regret he is not in his seat, the urgent need for a post office building in the village of Madoc. The present post office is in exactly the same condition as it was before I was born. The building is far too small. There is a long list of persons waiting for boxes, but they cannot be installed because there is not sufficient room to instal any more. There is only one wicket at which you buy stamps, mail letters, receive mail, and so on. The space in the office for the use of the public is not sufficient. As for the space for the use of the staff and the four mail carriers who operate routes from the village, it is simply impossible for them to properly carry on their duties. The amount of business transacted through this office warrants a proper building.

During the election the Liberal candidate assured the voters that if he were elected Madoc would not only have a new post office but the federal government would also build a new hospital and provide us with an airfield.

Mr. Rowe: Hear, hear.

Mr. McCann: What for?

Mr. White (Hastings-Peterborough): The Liberal candidate was the only man in the riding who had an aeroplane.

I wish also to mention to the Postmaster General (Mr. Rinfret) the matter of rural mail delivery in the township of Chandos, in the county of Peterborough. Several post offices in this township receive and send out mail only once a week. In a township which today has hydro, good roads and school buses it is hard to understand why delivery of the mail should still be in the horse and buggy stage. I have had considerable correspondence with the department in reference to this matter, but for some unknown reason the department still believes that delivery of mail once a week is sufficient. I wonder how the Postmaster General would like to receive his daily papers and all his mail once a week, or to receive a letter on Saturday and mail a reply, and not have that reply leave the post office until the following Saturday. The location of the various post offices in this township is quite suitable for rural delivery; and if mail could be delivered to these post offices at least three times a week it would remedy a situation which is totally unnecessary and becoming absolutely intolerable. Again I might say that during the election campaign the Liberal candidate promised that if he was elected he would soon see that the township received proper mail service. I quite realize that these were only election promises, but I would not like to think that, because a riding elected a member opposed to the government, any part of that riding would be penalized in such a vital matter as the delivery of mail. I can assure the Postmaster General that many people are watching and waiting to see just what attitude his department will take and what if anything will be done to improve the mail service in that township. I would urge him to look into the matter and make the necessary adjustments so that the people of this township may have mail service at least three times a week.

(Translation):

Mr. Wilfrid LaCroix (Quebec-Montmorency): I should like to take this opportunity to offer the government a few suggestions which I consider necessary to remedy a practice most detrimental to our farmers and to agriculture in general and which is being kept up by the income tax division. If, because he is no longer able to cultivate his land, or because he wishes to increase production, an old farmer decides to give it to his son, when the value of his land exceeds $4,000, the farmer is assessed 10 per cent on the first thousand, and from 12 to 14 per cent thereafter up to about 25 per cent.

On the other hand if the farm is handed over as wages the son has to pay the same taxes as if he had received the full amount during that same year. That is what I am told in a letter which was written to me by an experienced agricultural engineer, Mr. Ludger Massé, of Charlesbourg, in my constituency. I quote:

> We in Quebec have, what unfortunately does not exist elsewhere, a family-type of agriculture in which the son and daughter from the age of ten on take an active part. On the farm there is work for the very young child as also for the old man who though he has retired, can still make himself very useful.

It is clear that when the son settles on a farm he does so in poor circumstances and has to get by on a small income during the first years of his married life. Later on when his children are old enough to help, he expands his activities, he raises more cows, hogs and chickens, and raises vegetables. In short he does farming on a larger scale. That is the time when he can manage to pay his debts and give his children some degree of

education. Later when his children marry and leave the farm he will have to help them. If only one of the children wishes to settle on the farm, the father will have to mortgage his property to help him. And when he wishes to leave his farm to his youngest son, if he gives it to him, he will have to pay the income tax, otherwise the son's income will be taxable because of this bequest, not as a right to his father's estate but as salaries accrued for ten, fifteen or twenty years, all subject to taxation within that one year.

You know that a great many farms, though owned by the same family for generations, are still debt-ridden. It seems to me that a farm bequeathed by a father to his son should not be taxed, for it is not an income, but simply the continuation of ancestral ownership, and to my mind the annual income from the farm should merely be considered as applying to one man instead of another.

You know as well as I do that farming is not a commercial venture like others. It is not a get-rich-quick undertaking. It is rather a lifework which entails much labour, and self-denial, and deprives a man of much of the leisure which the humblest worker can enjoy without hindrance. Workers demand high salaries and a limited number of working hours; the farmer milks his cows every morning and evening, does his chores as he did years ago, and yet the capital invested in his farm is always subject to the vagaries of weather, disease and insects and therefore never free from risk.

A tax such as this, in the case of a farmer who, in the autumn of life, bequeaths a possession representing endless privations and small savings rather than real profits, has nothing in common with taxes on annual yearly incomes among other categories of citizens. For in the case of the farmer it represents a capital built up over the years, through hard work and the unpaid labour of family members. To my mind, that is utterly unfair.

As for wages allowed a farmer's children when they work free of charge on their father's land, the Quebec office allows a certain amount to be deducted from annual income. The calculation is easy when revenue is established according to "net assets", that is money received and money paid, but the income tax division does not readily accept that system and prefers by far the balance-sheet system, including inventories and assets accumulated during all the business years, plus an arbitrary charge for cost of living. It is on that basis that farmers' tax is computed. This balance-sheet system results in flagrant and inadmissible cases of injustice.

I could mention the case of a resident of St. Laurent d'Orléans, Mr. Odilon Gosselin, who, in his lifetime—more precisely during the 28 years he was the owner of a farm—was not able to do more than bring up his family of 5 children and put aside from $5,000 to $7,000. However, upon receipt of a notice of assessment, Mr. Gosselin went directly to the Quebec office and had his tax assessed by an assessor at the amount of $1,169 for the years 1940 to 1946. Mr. Gosselin thereupon came to see me. We managed to have the assessment changed so that the last statement received showed an amount of approximately $450. Nevertheless, in order to check the two methods, I used the very same figures as did the gentlemen from the taxation division. I based my computation on the net asset for each year, allowing Mr. Gosselin all deductions he was entitled to for each year and we reached the conclusion that he owed approximately $149. This shows that there are certain difficulties in the preparation of tax returns. Actually, in the case of Mr. Gosselin, they will not accept the returns on the net asset basis.

During the summer, I went over an income tax return compiled by a notary who showed that his client owed the treasury, as at December 23, 1948, a sum of $127.68, including interest and penalty. The return had been approved and the Ottawa office of the income tax division had long since sent out its receipt when the farmer concerned, acting on the recommendation of various people who had availed themselves of my services, submitted me copies of his return. After checking them, I noticed that he had not been allowed the statutory exemptions. I therefore filed an amended return and, as a result, towards the end of July, the treasury department refunded this gentleman the full amount he had paid in December 1948 towards his 1946 assessment. How many returns have not been reviewed? How many returns are not reviewed after having been compiled arbitrarily or without sufficient knowledge? People are thus paying income tax unfairly.

Finally, it is obvious that, in general, income tax assessors are really unaware of the farmers' situation, of agricultural bookkeeping and of various factors of rural life that must be taken into consideration. It should also be pointed out that many assessors do not do their work as thoroughly as they might; by that, I mean that they do not take the time

required to compute the tax properly, from the point of view of the taxpayer rather than the tax collector. After all, the taxpayer is mainly concerned, since he must pay. The tax collector could not live without him. Therefore, if anyone is to benefit from something, it should be the taxpayer.

Great pains are being taken to organize a "basic herd" which will be used by only 3 per cent of our farmers, because most of our livestock is used for the production of either milk or beef.

Moreover some accountants are of the opinion that farmers are opposed to income tax and refuse to pay it. I can assure you that this impression is false and that the great majority of farmers are willing to pay whatever they owe. However, they never had and still do not have sufficient information and explanations to understand this complicated matter. In addition, several farmers have been rudely requested to file their returns. The forms used were rather curt; and a large number of people were vexed by them. I have some 300 files in my office. I could read certain letters which are sent out to taxpayers, letters which are nothing but scarecrows.

The farmers of this country did not receive the preliminary information that was required, with the result that most of them were caught offguard and declined to give any answers rather than give the wrong ones. Besides, I can state that in Quebec, the accountants will have nothing to do with farmers' returns. We are therefore justified in asking the income tax department to appoint qualified technicians in this particular field.

In addition, we might ask that these same employees be given full discretion to carry out their duties according to their judgment and their knowledge of the case. Their work should not be hampered by bureaucrats who know less than their subordinates.

Therefore, Mr. Speaker, allow me to suggest to the government that the Income Tax Act be amended by,

(a) abolishing taxation when a farmer makes a donation of his land, or parts of his land, to a member of his family, with a view to intensifying farm production;

(b) allowing income tax deduction, for children of farmers working on their parents' land without remuneration, an amount corresponding to wages paid to farm labourers in western Canada;

(c) appointing agricultural scientists or other persons acquainted with farm problems as income tax assessors for farmers.

I emphasize this last point because everyone in the province of Quebec, especially among the farming community, knows that the assessors sent by the Department of National Revenue have absolutely no knowledge about or experience in agriculture.

In most cases those people, who are sincere —I do not question their personal merit— come to rural districts, call on farmers and make an assessment. If we insisted that assessors be people with at least some knowledge of the problems which the farmers have to face, I think the situation would certainly improve and we would do justice to our farming community.

Our farmers are not more reluctant than others to pay their income tax. However, they want to deal with men who, being acquainted with their needs and their situation, can draw up a statement based on the farmer's real profits, when, under certain circumstances, there are any profits.

(Text):

Mr. Robert Fair (Battle River): I feel almost at a loss, Mr. Speaker, to find something to talk about this afternoon in view of the fact that so many subjects have been discussed up to the present time. Being one of the 262 members of the house, however, I feel that I must have my little say also.

Before going on to my main subject I should like to associate myself with the impassioned plea made some days ago by the hon. member for Athabaska (Mr. Dechene) when he asked the government to fulfil their promises with regard to the building of a railroad line to fill the gap between Heinsburg and Frenchman's Butte, and also the Bonnyville line. While neither of those branches is in my constituency, Heinsburg is just across the north Saskatchewan river and many of the people in my constituency are obliged to go there in order to market their products. With the support of the hon. member for Vegreville (Mr. Decore), the hon. member for Meadow Lake (Mr. Harrison), and the hon. member for Athabaska (Mr. Dechene), I am sure that we should finally get some action in having those gaps completed. The government made promises years ago and many elections have gone by since that time; those

promises have been reiterated time and again. Let us hope that they will soon be made good.

While speaking of railroad lines I should also like to mention, for the benefit of the Minister of Transport (Mr. Chevrier), another railroad in the southern end of my constituency and in the northern part of the constituency of Acadia; that is the Bulwark northeasterly railroad. On many occasions the hon. member for Acadia (Mr. Quelch) and I have visited the minister in connection with this line and so far we have not found any rails laid. I may say that some years ago the grade of that particular branch was built, but so far no rails have been laid and no trains are running. I hope that in this case also some action will soon be taken.

Yesterday afternoon the hon. member for Calgary West (Mr. Smith) made a speech on a subject that I believe is of interest to everybody in Canada today; I refer to oil. Some people might say that I am actually soaked in oil, but that is not quite correct, although I have oil over practically all of my constituency. One of the places mentioned by the hon. member for Calgary West yesterday, Lloydminster, is of particular interest to me because I landed there on January 10, 1914; and in getting out of town to go out on a farm I almost froze to death. Since that time we have developed quite a thriving oil industry there instead of being dependent on farming as the sole industry. We have several wells producing there, but I am sorry to say, because of conditions over which the companies operating there have no control, they are not able to take all of the available supply of oil out of those wells. Some relief was given to those companies recently by the removal of the eight per cent sales tax on oil for heating purposes. The Lloydminster people and I greatly appreciate the action of the Minister of Finance (Mr. Abbott) and the government in removing that eight per cent sales tax. But there is one other item that we should like to see removed also; that is the exorbitant freight rates that those people are obliged to pay on the output of those wells. If something is done to meet their requests—and I believe the government feels that it should be done and I hope in the near future it will be done—then the Lloydminster field will be in a much better position to contribute something really worth while to Canada. If this problem is taken care of—that is, if the discriminatory freight rates is removed—then in the Lloydminster district we shall be able to supply quite a good deal of the oil that is now being supplied by importations from the United States. I hope therefore that in the near future—perhaps in this budget or soon after it is adopted—something will be done.

Another item of interest in my part of the country is that rumour that the C.B.C. are going to have the receiving licence fees increased. I understand that they have made representations to have the fee doubled. Already I have received dozens of letters as well as resolutions from boards of trade all over my constituency vigorously protesting against any such increase. At the present time many people feel that they are not getting value for their money. In some cases the complaints are over programs presented and in others they are not getting good reception. Therefore, we feel that the licence fees are already too high and there is no need to have them increased any further. Not so long ago the hon. member for Essex West (Mr. Brown) suggested that the fees be cut out altogether and that money for Canadian Broadcasting Corporation purposes be taken out of the federal treasury. Perhaps that would be a much better way to finance the organization. Perhaps some paring down of expenses would also help out in that regard.

The question of aid to education has also been discussed. For many years on different occasions I have brought this matter to the attention of the house, but up to the present time little action has been taken along that line. I am quite satisfied that the people in general do not appreciate the importance of education and of the teaching profession in formulating constructive rather than destructive ideas in the human mind. I am quite satisfied that the schools of today could do much more to bring about peace in the world in the future than any of the big world-wide organizations that are operating at the present time. If we train our young people properly —when I say "properly" I mean teaching them to be true to their country, true to real Christian ideals and to many other ideals along that line—we shall not have the trouble in the future that we have had in the past of trying to avoid wars.

The destinies of the nations of the world are being determined in the classrooms of this and other countries to a far greater extent than they are being formulated in our parliaments or in other world organizations. It is our duty to see first of all that proper schools are provided and then proper equipment in the schools, and last of all that we have teachers who are a credit to our democratic system. In some of our schools and universities we find that the teaching given there is not all in the interest of our democratic way of life. Every care should be taken to see to it that the proper kind of teachers and

professors are placed in charge of those schools. I am well aware that the supply of money has a lot to do with providing these things. I am also well aware that the present method of taxation is not sufficient to take care of all the needs of education. As I, and this group, have advocated on many occasions, federal aid should be forthcoming to the provinces for the purpose of education. By that I do not mean that the federal government should take over the control of the running of the schools or anything of that kind. That is a provincial responsibility. The grants provided to the provinces should be given without strings attached so that they can be administered in the best interest of education in the provinces.

Let me turn to the matter of old age pensions. I feel that we are not doing our job properly in this regard. The matter of old age pensions comes under the heading of welfare. The Minister of National Health and Welfare (Mr. Martin) is not in his seat today. I understand he is looking after other duties. He seems to be proud of the system we have. In the Ottawa *Citizen* of October 26, 1949, there appears a Canadian Press dispatch from New York as follows:

> Canada's Health Minister, Paul Martin, said last night, healthy nations like Canada and the United States should give help and ideas to countries less advanced in their health plans.
>
> Canada, he said, in an address prepared for delivery to the American public health association, is determined not to permit "lack of money to lead to neglect of health."

I would call special attention to this lack of money.

I was very glad to read that statement of the minister because in the administration of the department we find that the lack of money has a lot to do with citizens being denied services to which they are properly entitled.

Further on he said:

> We are determined to keep abreast of the advances of medical science and to be impatient and intolerant of anything that debars our people from the best of health care.
>
> A federal survey near the end of the war showed that Canadians were "one of the healthiest peoples in the world . . . But we also found some health statistics that gave us little cause for pride."

I might call the minister's attention to figures that were presented to the house by the then minister of national war services, Mr. LaFleche, which showed that out of 93,000 men who were examined for service in the air force and air crew only 15,000 were able to qualify. In my opinion, that is not the kind of health standard that we should have in a country like Canada.

I am very sorry that up to the present time the government has not seen fit to increase the old age pension to at least $50 a month. That can be done. The old age pensioners of today are the senior citizens. They are the ones who have been most active in building up Canada. It is quite true that an amendment was passed last year which improved things a little; but because the government neglected, possibly deliberately, to increase the income ceiling many of the old age pensioners of today are unable to take advantage of that legislation. Many of them have been sadly disappointed when they found that the increase in the pension was absolutely of no use to them.

There is another matter to which attention should be given before this session closes. I refer to people who are unable to provide proof of age. Some other method, perhaps an examination by medical doctors or some other system, might be used so that these people are not denied their pension, as many of them are at the present time. During my years in the house I have found that several people, mainly European by birth or extraction, who came to Canada some years ago, were unable to find any record whatever of their age. Apparently births were not registered in those countries in those days. When we tried to search the records of the shipping companies or the bureau of statistics census records and so forth we were unable to find any trace of these people. Perhaps the spelling of those names, or something of that kind, may be responsible. There is no earthly reason why some method should not be devised so that these people can get the pension to which they are properly entitled. They are Canadians now. They came to Canada and did their share to build up this country, and something should be done before this session closes to see that a method is found to deal with them.

I now come to the recipients of war veterans' allowances. I think we should see to it that these men and their wives get the treatment that was recommended for them by the veterans committee and others last year. That is also denied to these people. As suggested in the case of the old age pensioners, the ceiling on income should also be increased. At the present time the amount is $1,100 a year. If any of us here were to place ourselves in the position of these burnt-out veterans we would very soon take the proper means to make available the full amount of the pension. In my opinion the amount provided is certainly not sufficient.

The hon. member for Fort William (Mr. McIvor) who is a great humanitarian and

always trying to do his best—even though he sometimes supports a government program which is not in the best interests of the people of Canada—made a plea to have the sales tax removed from hearing aids, and other equipment of that type. I support the hon. member in his request. I feel, too, that every support should be given to the plea made today to break up all monopolies and cartels existing in this country—because many people are denied the right to purchase many of the dentures and optical goods and other things required by them, simply because prices are too high.

There is one other class of people I shall not forget, namely those who are crippled with arthritis, infantile paralysis or any of the other dreaded ailments. Many of us who have full use of our limbs and our faculties find it difficult, under conditions over which we have no control, to make a living. When we think of these other people who in many instances are crippled and unable to help themselves, we must realize it is the duty of all Canadians to be their brothers' keeper. Canada can provide that help, and before the session closes I trust that something along this line may be done.

I come now to the subject of agriculture, and do so because it is the subject about which most people seem to have forgotten. I do not believe the consumers in Canada appreciate the work done by our farmers in this and every other country. The work of a farmer is a seven-day job, and with long hours during certain seasons of the year. He works for poorer pay than those in any other occupational group in the country.

Many farmers have less accommodation, poorer homes, less bathtubs, less telephones and less of the many other comforts of life than many other people making a good living out of the products of the farmers' labour. During the election campaign we heard of the good things the government was doing for the farmers of Canada. Perhaps we should have been told of some of the things the government was not doing for the people, in which event a different view might have been taken with respect to the government's agricultural policy.

Agriculture has been discussed in the house on many occasions, and it is my intention today to continue that discussion, because I believe that until Canada has a healthy agricultural industry we shall not have the prosperity throughout the country to which we are entitled. Many observations might be made about agriculture, but before proceeding further may I state that the farmers have on their side the Minister of Agriculture (Mr. Gardiner).

[Mr. Fair.]

In the Ottawa *Journal* of February 10 we find a report headed "War Sacrifices of Farmers Entitle them to Fair Prices", and stating—

> Canadian farmers were "entitled now" to prices which would justify their wartime sacrifices, agricultural minister Gardiner said last night. He was speaking to the annual meeting of the Ontario concentrated milk producers association at the Chateau Laurier. More than one hundred and fifty delegates are attending the two-day session, the largest in several years.
>
> Because there have been declines in the United States, people here are suggesting that food prices should drop to that level, forgetting that prices there rose during the war to a peak never experienced here. The whole idea in preventing high food prices in Canada during wartime was to allow a "levelling out" afterwards, Mr. Gardiner remarked. He was "inclined to agree" with the popular statement that consumers did not appreciate what farmers did during the war in keeping the cost of food down.
>
> Mr. Gardiner said he was "surprised that farmers had not been able to sell that idea fully."

I would suggest to the many new members from both rural and urban constituencies that they do their best to bring about better conditions for agriculture in Canada in the future. Agriculture has never enjoyed that prosperity to which it is properly entitled. Let us get busy, even at this late date, to improve that situation. The article continues:

> People are inclined to forget that farmers, and dairy farmers in particular, were asked to hold their hand on prices during the war—at a time when they might have charged almost what they wanted.

That is the opinion of the Minister of Agriculture; and I am satisfied that if he did not have so many opponents around the cabinet council table we would have much better conditions for agriculture in Canada. Indirectly, we would have better conditions for Canadians as a whole.

The question of wheat has not been discussed in the house for some time. While some may get tired of listening to discussions concerning wheat, and the losses borne by farmers in this connection, I have not yet noticed any of those people refusing to eat either white or brown bread. It must be remembered that all of that comes from wheat, and that the farmers are required to grow that wheat.

In this connection I feel that the farmers in the prairie provinces—because they are the only ones affected—have taken a trimming which the people of Canada do not realize. For a few moments I shall deal with the British wheat agreement. I do not want anyone now or at any other time to suggest that Social Crediters are opposed to that agreement. We favoured it right from the start. It was our belief that we owed a moral obligation to Britain, and we were not slow in making our stand known. At the same time however we did make it clear that because this was a gift of the people of

Canada to the people of Britain, through the government, then the people of Canada as a whole should stand any losses suffered by the farmers in delivering wheat under this contract.

Many people feel that farmers have received much more than that to which they are entitled. Both last session and this one I have made inquiries, and through the order paper of the House of Commons I have secured certain information which I shall now place on record, in order that there shall not be any attempt to contradict or misrepresent the figures I am giving. I am satisfied these figures are authentic, and anyone wishing to check them may do so by looking up the records of the house. That should be sufficient proof.

These figures deal with losses suffered by farmers under the British wheat agreement during the first three years of operation. During the year 1946-47 the Canadian wheat board on behalf of the government delivered to Britain 169 million bushels at a price of $1.55. At the same time the wheat board sold what is known as class II wheat at an average price during that year of $2.41 a bushel. This means that up to the present time the Canadian farmer has taken a loss of 86 cents a bushel on the wheat delivered to Britain in that crop year. Let me make it clear that the $2.41, and other prices which I shall quote on class II wheat, are average prices for the average grade, while the price I am quoting for Britain will be that of No. 1 northern. That should be understood because I am making a conservative estimate of the losses. The loss on wheat delivered to Great Britain that first year amounted to $145,340,000.

During the second year of 1947-48 a total of 170·6 million bushels were delivered at a price of $1.55. The price of class II wheat for that year was $2.77. Just figuring on the basis of the 170 million bushels and leaving off the 600 thousand, at $1.22 per bushel we find that the farmers took a trimming to the extent of $207,400,000. For the third year of 1948-49 we delivered 146,142,802 bushels at a price of $2. During that year class II wheat sold at $2.22, so we have another actual loss of 22 cents per bushel amounting to $32,195,416. During the first three years of the wheat agreement the total losses amounted to $384,935,460.

We are not complaining about that, but we shall complain plenty unless those losses are made up from the federal treasury. There was no other occupational group in Canada which had their production confiscated at a price set by the government. Other operations were paid for on the basis of cost-plus or something of that kind, and their production was sold in most cases at prices that were not set by the government.

I intend to discuss now the wheat delivered to Canadian millers for consumption within Canada, which went on for many years prior to the period I intend to deal with. During the crop year 1946-47, 29,041,927 bushels of wheat were delivered to millers in Canada at $1.25. The price of class II wheat at that time was $2.41 per bushel. Our farmers lost $1.16 per bushel on those deliveries or a total of $33,688,635. In the latter part of that year there was an increase in the initial payment to the farmers, and in that period there was delivered to the millers for consumption in Canada a total of 24,573,939 bushels at a price of $1.55. The price of class II wheat during that period was $2.41 so that we suffered a loss of 86 cents per bushel or a total of $21,133,587.

In the crop year 1947-48 we delivered to millers in Canada 49,342,532 bushels at a price of $1.55. Class II wheat was selling at $2.77 per bushel so we accepted a loss of $1.22 or a total of $60,197,889. In the 1948-49 crop year we delivered to millers for consumption in Canada 39,281,098 bushels at a price of $2. Class II price during that period was $2.22 so therefore we lost 22 cents per bushel or a total of $8,641,841.

The total losses on wheat delivered to Canadian millers for consumption within Canada amounted to $123,661,952. When this amount is added to the amount of losses suffered under the British wheat agreement we have a total loss of $508,597,368 up to the end of the 1948-49 crop year. If anyone wishes to check these figures he will find that they have been furnished in a return made in this house.

We have been told that the farmers suffered practically no losses, but I think half a billion dollars is quite an amount for the farmers of the prairie provinces to take as a loss. That is not a very happy story for the farmers of Canada and I am one of those who delivered several thousand bushels to the pool. I know my costs of production and I know of the losses that I suffered on those deliveries.

In addition to these losses it must be remembered that ceiling prices were placed on our coarse grains at a lower figure than could have been obtained outside the country. It must also be remembered that the hogs and cattle that were fed those coarse grains were delivered on the basis of the prices fixed for wheat under the British agreement. I shall not attempt to estimate the losses suffered by our farmers in that connection, because I do not know how they could be arrived at. But if we could make an estimate I am sure it would make the farmers still more unhappy.

On many occasions I have asked the Minister of Trade and Commerce (Mr. Howe) and the Minister of Agriculture (Mr. Gardiner)—on the last day of last session I asked the Prime Minister (Mr. St. Laurent)—whether the government was going to make these losses good, but up to the present I have not received a reply. Before this session ends I hope we shall have some indication from the government as to what they intend to do about these direct losses suffered by the farmers.

Our farmers suffered further losses because they were not permitted to ship their cattle to the United States market until a few months ago. There again I am not going to try to estimate their losses because I do not know just how they could be arrived at. We have heard a lot about the loss of markets and many people deny that such a thing exists. The Minister of Agriculture was in London last December when he had quite a bit to say about the products that we could sell except for their inability to find the dollars with which to buy them. I have a rather long quotation here which I had intended to use but time will not permit. However, I think I should quote at least a portion of it. *Canada's Weekly* of December 24, 1948, reports a speech made to the Canadian Chamber of Commerce in London by the Minister of Agriculture as follows:

> They are taking 140 million bushels of wheat and 50 million pounds of cheese from us because they must have them and we appear willing to provide them for fewer dollars than any other will supply them.
>
> All this is bringing me to wonder if an unknown economist, or was it an Abraham Lincoln or some such individual as Churchill, was not right when he said that he would rather have the money in his pocket tied to the unthinking inanimate substance called gold which cannot change its mind than to the manipulations of some small group of crackpots who fancy themselves as economists or statesmen.

I am glad to note that the Minister of Finance (Mr. Abbott) is in the house. I am quite sure that when the Minister of Agriculture was referring to crackpots he was referring to the experts and advisers in the Department of Finance and the Bank of Canada. Those crackpots were advised away back in December, 1945, what the results of their iniquitous legislation would be, but that went through with the support of practically everybody in the house except Social Crediters. Today they are wallowing in the mire that they created themselves. Therefore it is no wonder that conditions are as they are when there is so much manipulation for the gain of those who control the monetary system of our country. A little further on the minister had this to say:

> I am not convinced that this latter statement is correct—

He is dealing with a statement made by one of the members of the British parliament in connection with the Marshall plan creating more communists in Europe.

> —but I am convinced that the world is not in any state of mind where it can be expected to agree that the manipulation of any system or systems of currency is going to be allowed to interfere with the will of those who have empty stomachs when it is preventing surpluses of food to get to them. It might be a good thing for everybody if they would close down the United Nations meetings long enough to permit of the United Kingdom and United States experts getting together and settling some basis upon which dollars and sterling can be converted to allow nations like Canada to produce food to feed the starving millions and distribute it.

In that regard I would recommend to any who are interested in this subject the wonderful speech delivered last night by the hon. member for Acadia (Mr. Quelch). There is more food for thought in it than all the great world conferences provide in a whole day's proceedings. I see that my time is passing by, and I shall not be able to say everything I wanted to say. Before going further I want to point out that Canada has been a rather faithful follower of the United States in many ways. In yesterday's Ottawa *Citizen* there is an Associated Press dispatch from Washington. The heading is:

> Truman Signs Long-Range Farm Measure

The article reads:

> President Truman yesterday signed long-range farm legislation which permits the United States government to support prices of most products at or near wartime levels. The measure, passed by the present democratic congress, replaces most major provisions of the so-called Aiken law enacted by the Republican 80th congress. The Aiken law permitted somewhat lower supports for major crops.
>
> The new law gives the secretary of agriculture authority to support virtually every farm product at 90 per cent of parity if he thinks that is advisable. Truman and agriculture secretary Brannan have indicated they favour 90 per cent supports, as a general rule, to keep agriculture prosperous.

That is what the United States intends to do for its farmers. Will Canada follow the lead taken by the United States? What are we doing here for the future? Even though the farmers of Canada have paid a very expensive premium for crop and price insurance in the future, what has the present government provided? I find that we have provided the Agricultural Prices Support Act, which will expire at the end of March, 1950, unless the legislation is renewed. There is the Prairie Farm Assistance Act, which does not operate yet to the satisfaction of many

of our farmers. I do not think it even operates to the satisfaction of the Minister of Agriculture (Mr. Gardiner). There is also the international wheat agreement. In my opinion, the government will have to go much farther than any of those measures. During the past ten years, as I said before, we have been contributing to an insurance fund for the preservation of our industry. During the next ten years we should at least get the benefits we have paid for in full in the past, by way of assured markets and guaranteed prices.

If people are of the opinion that the farmers of Canada are more prosperous than they should be, I ask them to investigate present conditions on many of our farms. They will find that, while the farmers have paid off quite a percentage of their debt in the form of mortgages and so forth, the farms are in a run-down condition, and also in many cases the machinery and other equipment. You cannot tell exactly what a farmer's financial standing is by looking at his mortgage debt because there are many other factors that should be taken into consideration. I feel it is the duty of the government to keep our basic industry prosperous. They may say again that they cannot find the money, but if that difficulty should present itself then social credit will provide the answer. Social credit has provided a reply to any argument that has been put forward in the house by any of the former ministers of finance.

An hon. Member: And the present one, too.

Mr. Fair: If they want a solution I am sure there are men in the Social Credit group who are familiar with the money question, and who can give them an answer, thereby contributing to the creation of a more prosperous Canada.

Mr. O. L. Jones (Yale): Mr. Speaker, I am going to take the same privilege as most other hon. members have taken, under the latitude allowed members speaking on the budget, of bringing conditions in my own constituency to the attention of the house, hoping thereby that remedies will be provided in the near future. First of all I should like to register my approval and support of the amendment to the amendment which is to the effect that immediate consideration should be given to a reduction of tariffs sufficient to encourage an increase in imports from the United Kingdom and other sterling countries.

You will notice that the amendment to the amendment does not mention any given commodity, and I am glad of that for reasons that I shall explain later. It is quite possible that a wholesale indiscriminate reduction of tariffs would upset our economy. I understand that the trade unions have already brought to the attention of the government the dangers involved in an indiscriminate removal of tariffs in that it could quite well upset our domestic economy with the result that there would be unemployment and chaos, and it might be followed by bankrupt factories. That is why we emphasize in our approach to tariffs and controls the need for the government to establish an import and export board whose purpose would be to encourage imports from the United Kingdom and other sterling countries, and at the same time keep a protective eye on our own domestic production so that the chaos anticipated by some of the trade unions would not take place.

Among other duties, the board would advise the government which goods could be imported, and naturally which could not be imported. They would advise as to the amount of tariff necessary to maintain the rigid control that would protect our own industries. They would advise as to the amount of the tariff, and also on what commodity it should be levied. At the same time they would keep a careful check to see that no hardship would be suffered by workers or industries in Canada. In other words, their duty would be to maintain a balance between imports and exports, plus a balance between the countries that benefit by our import and export trade. For instance, unfortunately as far as England is concerned, there is a variation between ourselves and the United States. We are taking far more from the United States than they are taking from us, and we have the reverse position in our trade with Great Britain.

It will be the duty of the board to try to balance that situation, and in that balancing to try to bring about better relations between Canada and the countries in the sterling area. It would also call for a great deal of switching of trade relations that have been carried on for many centuries. Some people will object to that, but in the last two or three years we have broken such relations with some of the English firms that have been dealing with Canada for a long time. I particularly mention those firms in Lancashire making shirtings, who shipped for many years to the shirt factories of Ontario. Last year I was talking to one manufacturer in Manchester who informed me they had not shipped a single yard of shirting to Canada—not, as one hon. member said yesterday, because the shirting trade in Canada is having its own difficulties, but because of the unfair competition of shirtings imported from the United States at prices lower than either Canada or the United Kingdom can produce this material.

Mr. Harris (Danforth): Now that the pound has been devalued has not that condition corrected itself?

Mr. Jones: Unfortunately not; we still have not re-established that trade. Devaluation should make it easier, but so far Canadian importers have not taken advantage of that situation, according to a recent letter I had from that firm.

Mr. Harris (Danforth): But it is on its way.

Mr. Jones: It may come; but I am satisfied that the setting up of an import-export board would prevent that situation from again becoming top-heavy. Now with devaluation of the pound we may go to the other extreme and upset the balance of trade which would control the situation. From my personal knowledge the United Kingdom needs our exports. They need our wheat, just as they need almost everything we can produce. Contrary to the opinion held by many people, the plight in which Great Britain finds herself today is not due to the Labour government but entirely to conditions following the war. I tried to discover any way in which any other government could have improved the present position in England, and from all sides I was given the same answer, that this could not be helped, that it was inevitable and they had to suffer as a result.

Mr. Fraser: You must have been speaking to your socialist friends.

Mr. Jones: No, I did not stay with the socialists all the time I was there. Looking at it from that point of view, we must realize that the war was not Britain's war. She was truly in the centre of it, but it was a war for civilization, and a war with a tremendous price. I sometimes wonder if payment of that price has been fairly divided among the nations who took part in the war. In other words, I believe we all have a moral responsibility, for the collapse of Britain would not only bring about the collapse of the main part of Europe but seriously upset the United States and particularly Canada.

It was stated in this house recently that someone in the United Kingdom had said she was looking to other sources to purchase wheat, particularly in the sterling areas. In the Ottawa *Citizen* of November 2, which is today, I read this dispatch:

> The *Daily Telegraph* says today that Britain will discontinue purchases of Canadian newsprint next year and may cut imports of Canadian bacon and eggs by 25 per cent.
>
> The newspaper reports that two Canadian representatives were "shocked at the severity of the cuts proposed" when they conferred with British officials last week. The Canadians were J. G. Taggart, deputy agriculture minister, and Max Mackenzie deputy trade and commerce minister.
>
> The *Telegraph* says that timber imports from Canada also may be pruned.
>
> "The decision to allocate no money for newsprint was influenced by the fact that alternative supplies are available within the sterling area," the *Telegraph* says. The chief alternative source is Scandinavia.

I mention that not as a warning but to show the need for immediate improvement in our trade relations with the United Kingdom before they establish themselves in other world markets and we lose that trade for good.

On motion of Mr. Jones the debate was adjourned.

BUSINESS OF THE HOUSE

SUSPENSION OF STANDING ORDER 28 UNTIL CONCLUSION OF BUDGET DEBATE

Hon. Alphonse Fournier (Minister of Public Works): By leave of the house, Mr. Speaker, I move:

> That the provisions of standing order 28, respecting the committee of ways and means, be suspended until the debate on the motion made by Mr. Abbott on Thursday, October 20, that Mr. Speaker do now leave the chair for the house to resolve itself again into committee of ways and means, and any amendments thereto, be disposed of.

Motion agreed to.

Mr. Fournier (Hull): Tomorrow we shall continue with the debate on the budget.

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

HOUSE OF COMMONS

Thursday, November 3, 1949

The house met at three o'clock.

BRITISH COLUMBIA APPLES

DISTRIBUTION TO MEMBERS—REFERENCE TO REPORT IN OTTAWA "CITIZEN"

Mr. G. A. Cruickshank (Fraser Valley): Mr. Speaker, on a question of privilege, in this morning's *Citizen* certain derogatory remarks are made about me which I think are unfair, and I shall quote them. They are as follows:

. . . and, for the first time some members of parliament could recall, George Cruickshank (Lib.—Fraser Valley) didn't jump up to say that British Columbia could have produced something better.

The reference is to apples. I did not see this report. One of my colleagues, the hon. member for Vancouver South (Mr. Laing) saw it. We do not boast, and we have never boasted, particularly the member for Fraser Valley, about anything from British Columbia, but my hon. friend arranged to have flown from British Columbia these typical examples of what we produce and they are now on the members' desks. With your permission, Mr. Speaker, I should like to have it recorded that they are but a small example of what we can produce.

Mr. Fulford: Too bad they are not like Ontario apples, and do not taste as good as they look.

Mr. McIvor: We are learning, Mr. Speaker, that there is something quite red which comes from British Columbia, and it is very good, and we say thanks.

Mr. McCusker: I wish to thank the hon. member for telling us what these are. Many hon. members were under the impression that they were Newfoundland cranberries.

Mr. Jones: In order to correct the record, may I say that these apples were not grown in the Fraser valley; they were grown in the Okanagan valley.

Mr. Cavers: Coming from a fruit-growing area in the county of Lincoln, I should like to express my thanks, and the thanks of other hon. members, to the hon. members from the province of British Columbia, and also to the fruit growers of that province, for the fine specimens of apples we have received today. I certainly intend to sample them and compare their taste with that of the fine taste of the apples grown in Ontario.

MARITIME PROVINCES

DINNER TO MEMBERS FROM PROVINCES BY THE SEA—MANITOBA SEAFOOD

On the orders of the day:

Mr. G. D. Weaver (Churchill): Mr. Speaker, on a question of privilege may I say that in today's Ottawa *Citizen* it is reported that the Minister of Fisheries (Mr. Mayhew) tendered a dinner, and I quote:

. . . given for the express purpose of getting members from Canada's "seagoing" provinces better acquainted.

There were Liberals from British Columbia, the Yukon, Nova Scotia, New Brunswick, Newfoundland and Prince Edward Island.

My point of privilege, sir, is that Manitoba should have been included as a "seagoing" province. Since she has a coastline almost equal to that of the province of British Columbia, she should have been included as a Canadian maritime province. I have visited many of the world's seagoing ports, as far as the east coast of Africa, and I assure hon. members that the facilities of the port of Churchill, and the port of Churchill itself, compare favourably with anything else I have seen. The disadvantages have been well advertised, but not the advantages. Through you, Mr. Speaker, I should like to say to the Minister of Fisheries, and to hon. members from the maritime provinces of Canada, that before this parliament terminates the members of the maritime province of Manitoba, including my good friend the hon. member for Dauphin (Mr. Ward), will tender to them an invitation to a seafood dinner, of which the *pièce de résistance* will be white whale steak, caught in Hudson bay and processed in the great salt-water port of Churchill.

Mr. Speaker: Order. I have allowed considerable latitude today in connection with questions of privilege, but I hope hon. members will not expect me to continue to do so.

NEW MEMBER

Mr. Speaker: I have the honour to inform the house that the Clerk of the House has received from the chief electoral officer a certificate of the election and return of the following member, viz:

Of J. Eugène Lefrançois, Esquire, for the electoral district of Laurier.

Questions

MISCELLANEOUS PRIVATE BILLS

FIRST AND SECOND REPORTS OF STANDING COMMITTEE—CONCURRENCE IN FIRST REPORT

Mr. H. W. Winkler (Lisgar) presented the first and second reports of the standing committee on miscellaneous private bills, and moved that the first report be concurred in.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

OLD AGE PENSIONS

Mr. Diefenbaker:

How many old age pensioners, by provinces, are now in receipt of the maximum old age pension?

Mr. Martin:

Province	Old Age	Blind	Total
Alberta	12,189	378	12,567
British Columbia.	20,458	506	20,964
Manitoba	12,918	473	13,391
New Brunswick..	7,438	925	8,363
Newfoundland (maximum $30)	4,215	23	4,238
Nova Scotia	6,590	785	7,375
Ontario	65,304	1,832	67,136
Prince Edward Island	1,085	75	1,160
Quebec	52,876	3,361	56,237
Saskatchewan ...	11,384	410	11,794
Northwest Territories	19	1	20
Yukon Territory.	75	—	75
	194,551	8,769	203,320

The above information, except that relating to the Northwest Territories, was furnished by the provincial old age pensions authorities.

Note: Figures for all provinces, except Quebec, are as of September 30, 1949. Figures for Quebec are as of October 31, 1949. As of dates shown, all cases had not been reviewed by provincial old age pensions administrations in the light of the 1949 amendment to the Old Age Pensions Act.

MINES AND RESOURCES—IMMIGRATION SETTLEMENT OFFICERS—LANGUAGE QUALIFICATION

Mr. Viau:

1. Did the Department of Mines and Resources, during the years 1948 and 1949, request through the civil service commission applications for immigration settlement officers?
2. If so, on what dates and when were applications filed?
3. How many are being employed in various centres throughout Canada (a) temporary; (b) permanent?
4. How many for each province?
5. What are their duties?
6. How many in each province are required to have a knowledge of both the English and the French language?
7. Were applicants for Manitoba and Saskatchewan required to have a knowledge of both the English and the French language? If not, why not?
8. What are the names of the immigration settlement officers selected for the provinces of Manitoba and Saskatchewan?
9. What are their qualifications and ages?

[Mr. Speaker.]

Mr. Gibson (Hamilton West):

1. Yes.
2. (a) May 21, 1948; (b) October 30, 1948.
3. (a) 4; (b) 4.
4. Quebec, 2; Ontario, 2; Manitoba, 1; Saskatchewan, 1; Alberta, 1; British Columbia, 1.
5. Under direction, to report upon opportunities for the establishment of immigrants in farming or small business enterprises; to advise and, if required, to assist immigrants in becoming suitably established; to prepare reports on specified areas; to conduct correspondence and perform other related duties as directed.
6. Quebec, 2; Ontario, nil; Manitoba, nil; Saskatchewan, nil; Alberta, nil; British Columbia, nil.
7. No. It was not deemed necessary in order to give satisfactory service to require applicants to possess a knowledge of both English and French languages.
8. The following persons were appointed by the civil service commission: Manitoba: William Cox McCullouch; Saskatchewan: William Robert Sinton. Both these men are veterans of the first great war.
9. W. C. McCullouch: Immediately prior to his appointment to the Department of Mines and Resources, Mr. McCullouch was settlement supervisor at Winnipeg under the Veterans Land Act. He is fifty-one.

W. R. Sinton: Prior to his appointment in the Department of Mines and Resources, Mr. Sinton had extensive experience in agriculture, and from 1946 until 1949 was employer representative on the court of referees, unemployment insurance commission. He is fifty-one.

NEWFOUNDLAND—PUBLIC WORKS—ENGINEERING BRANCH STAFF

Mr. Browne (St. John's West):

1 What staff is now employed by the engineering branch of the Department of Public Works in Newfoundland?
2. What are the names of those employed?
3. What salary is paid to each?

Mr. Fournier (Hull):

1, 2 and 3.

Name—Position—Salary per annum

Gerald Millar, engineer, grade 6, acting as district engineer, $5,040.

A. E. Cameron, grade 1, $2,880.

G. Bannister, maintenance supervisor, grade 2, $2,340.

J. Dicks, maintenance supervisor, grade 2, $2,340.

Miss M. M. Downey, stenographer, grade 2A, $1,500.

Note: G. Millar on loan from Ottawa headquarters. A. E. Cameron on loan from Ottawa headquarters, but he will shortly be transferred to Newfoundland staff as an engineer, grade 2.

NEWFOUNDLAND—BRIDGE OVER PLACENTIA GUT

Mr. Browne (St. John's West):

1. Has there been an examination or investigation with a view to the construction of a bridge over Placentia gut at Placentia, Newfoundland?

2. If so, what report has been made on this matter?

Mr. Fournier (Hull):

1. Yes.

2. Survey of the site and preliminary report only have been made.

CENSORSHIP OF BOOKS

Mr. Diefenbaker:

1. Who is the examiner of publications or censor in the Department of National Revenue, customs and excise section?

2. How many (a) books; (b) journals; (c) comics, have been denied or refused admission by the said examiner or censor during each of the years 1948 and 1949 to date?

Mr. McCann:

1. There has been no position of examiner of publications since the retirement of the previous incumbent on July 17, 1942. Censorship in the broadest sense is not exercised by the customs division, but the department is responsible for the administration of item 1201 of the Customs Tariff, which prohibits the entry of publications of a treasonable, seditious, immoral or indecent character.

2. The following publications have been classified under tariff item 1201 during the years 1948 and 1949:

	1948	1949
(a) Books	45	81
(b) Magazines and newspapers	23	22

(c) Under the provisions of the Emergency Exchange Conservation Act, periodical publications unbound or paper bound, commonly known as comics, but not including bona fide supplements used with newspapers, are prohibited entry.

TRADE AGREEMENTS—CANADA-SPAIN

Mr. Diefenbaker:

1. Have any trade agreements been negotiated or completed within the last year between the republic of Spain and Canada?

2. If so, what are the particulars thereof?

Mr. Claxton:

1. No.

2. No. Answered by No. 1.

UNEMPLOYMENT INSURANCE—RETENTION OF INSURABILITY DURING ILLNESS

Mr. Knowles:

1. Has the unemployment insurance advisory committee or the unemployment insurance commission received from an actuarial expert, at any time since January 1, 1948, any recommendation with respect to the request that the Unemployment Insurance Act be amended so as to make it possible for a recipient of unemployment insurance benefits to continue to receive such benefits even though he becomes ill after being awarded the same?

2. If so, what are the terms of such recommendations?

Mr. Cote (Verdun-La Salle):

1. No. The unemployment insurance commission has received a preliminary report in regard to sickness insurance from Mr. A. D. Watson, actuarial adviser, Department of Insurance, but this report contains no recommendations.

2. Answered by No. 1.

QUESTIONS PASSED AS ORDERS FOR RETURNS

NATIONAL HARBOURS—OPERATING EXPENSES AND REVENUES

Mr. Isnor:

1. What was the ratio of operating expenses to operating revenues for all harbours under control of the national harbours board, for each of the years from 1936 to 1948?

2. What was the ratio of operating expenses to operating revenues for each of the harbours under control of the national harbours board, for each of the years from 1936 to 1948?

3. Have tariff schedules been increased at any of the harbours since 1938?

4. If so, what was (a) the year or years increases were made; (b) the amount of increases; (c) the name or names of ports affected?

Mr. Chevrier: Return tabled.

SPONGES—PURCHASE BY GOVERNMENT AGENCIES

Mr. Knowles:

1. Since April 1, 1948, how many contracts have been made by the Canadian Commercial Corporation, or any other government agency, to cover procurement for the armed forces, or any other government requirements, of (a) sea sponges; (b) synthetic cellulose sponges?

2. With reference to each such contract, what is the name of the supplier, what are the types, sizes and quantities of sponges supplied, and what is the contract price for each such type, size and quantity?

TRADE

PRESS REPORTS OF REMARKS OF MR. DONALD GORDON IN NEW YORK ON NOVEMBER 1

On the orders of the day:

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, the hon. member for Broadview (Mr. Church) has sent me a note

asking if I would make a statement in answer to a question he asked yesterday on the orders of the day, and which unfortunately I was not able to hear.

The question has to do with a report of a speech attributed to Mr. Donald Gordon in New York. As it appears at page 1,370 of *Hansard,* the question is as follows:

Is this government policy, or is it not? As head of the national railways was Mr. Gordon authorized to make this statement?

The report, as I read it, is a statement which Mr. Gordon is supposed to have made before the convention of the national foreign trade council in New York. The first part of the question is: Did he go over there for the government? He did not go there for the government. I assume he went there on invitation as deputy governor of the Bank of Canada.

The other part of the question is: Is this government policy, or is it not? It does not purport to be a statement of policy, as I read it. I suppose it is the fruits of Mr. Donald Gordon's experience as deputy governor of the Bank of Canada. However I think it is a statement with which many of those who believe in the value of world trade would be inclined to agree. It seems to me it does not differ very much from the statement attributed to Mr. Acheson, secretary of state for the United States, along the same lines, the report of which many of us welcomed this morning.

Mr. Church: I thank the Prime Minister for his courteous reply.

CONSULTATION BETWEEN CANADIAN AND UNITED KINGDOM OFFICIALS

On the orders of the day:

Mr. G. K. Fraser (Peterborough West): Mr. Speaker, I should like to ask a question of the Minister of Trade and Commerce or the Minister of Agriculture. The United Kingdom press and the Canadian press state that United Kingdom buying in Canada is to be cut. Will the minister make a statement to clarify this situation?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I have nothing to add to the reply I gave to this same question a few days ago. Representations have been made through officials of our government to officials of the government of the United Kingdom, and ministerial decision is expected in due course. After a decision is made it will be communicated to the house.

[Mr. St. Laurent.]

COMBINES INVESTIGATION ACT

FLOUR MILLING INDUSTRY—RESIGNATION OF COMMISSIONER AND DEPUTY COMMISSIONER

On the orders of the day:

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, yesterday I was asked by the hon. member for Rosetown-Biggar (Mr. Coldwell) the following question:

Has a report been made by the commissioner under the Combines Investigation Act on alleged violations of the act in the flour milling industry?

The answer is yes. Then the question continued: "If so, will the minister table it?" The answer is yes.

Then the hon. member for Vancouver East (Mr. MacInnis) asked this question:

Will the minister tell the house whether Mr. F. A. McGregor, commissioner under the Combines Investigation Act, has resigned?

The answer is yes. The question continued: "and if so, whether his resignation has been accepted." The answer as of today is yes.

Mr. MacInnis: Will the minister answer a supplementary question? Has one of the deputy commissioners under the Combines Investigation Act also resigned?

Mr. Garson: The answer is yes.

An hon. Member: Why?

Mr. Diefenbaker: Further to the answer given by the Minister of Justice, will he table the correspondence between Mr. McGregor, the deputy commissioner, and himself, and the replies, if any, before tomorrow afternoon, when apparently the proposed amendment to the Combines Investigation Act will be discussed?

Mr. Garson: The council meeting at which the resignation was considered was concluded at two o'clock this afternoon, and my letter has not yet been written to the commissioner. I shall be able to table his letter and my reply tomorrow.

Mr. Knowles: Will the report to which the minister referred be published within fifteen days of its receipt by the minister, as required by the act?

Mr. Garson: The report in question will be tabled on Monday next.

Mr. Knowles: When did the minister receive it?

Mr. Garson: Some time ago.

Mr. Knowles: In other words, the minister does not keep the law.

(Translation):

FRUITS AND VEGETABLES

REMOVAL OF IMPORT RESTRICTIONS

On the orders of the day:

Mr. Leopold Demers (Laval): I would like to ask the Minister of Finance a question which I consider urgent and highly important.

Since the removal of import restrictions on certain foods, particularly on vegetables, the Canadian market, especially in Montreal, has been flooded with American products selling at less than production cost in Canada. Here is my question.

Is the government considering steps to protect gardeners in the Montreal district from this ruinous state of affairs?

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, in reply to the hon. member from Laval, I must say that the government does not contemplate any special steps in this regard. I would call the hon. member's attention to the seasonal tariff protecting this category of food products.

(Text):

ARMISTICE DAY

QUESTION AS TO SITTING OF HOUSE

On the orders of the day:

Mr. G. S. White (Hastings-Peterborough): Will the Prime Minister indicate whether the house will be sitting on Armistice day, and whether Armistice day is a legal holiday?

Right Hon. L. S. St. Laurent (Prime Minister): I will answer the second part of the question first. Armistice day is a legal holiday. To answer the first part of the question, may I say that, in conformity with the practice which has prevailed for several years when parliament is in session at this time, the house will sit on November 11.

CRIMINAL CODE

PORTRAYAL OF CRIMES—REFERENCE TO ARTICLE IN "THE ENSIGN" OF NOVEMBER 1

On the orders of the day:

Mr. C. W. Hodgson (Victoria, Ont.): On a question of privilege, I should like to refer to an article which appeared in *The Ensign* of November 1. This article which appears on the first page is headed: "So far, so good". It refers to the bill introduced by the hon. member for Kamloops (Mr. Fulton), and it congratulates both the government and the hon. member upon this legislation. It goes on to say:

> Congratulations are in order in connection with the proposed changes in the criminal code to ban crime comics and to tighten the prohibition of obscene publications.

I should like to send to the Minister of Justice (Mr. Garson) a couple of books that have been sent to me by some of my constituents—

Mr. Speaker: Order. I stated earlier that I had been allowing considerable latitude when questions of privilege were raised, but I asked that I should not be requested to do so in the future. I do not think this is a question of privilege that should be raised at the present time.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Wednesday, November 2, 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. Rowe, and the amendment to the amendment of Mr. Thatcher.

Mr. O. L. Jones (Yale): Mr. Speaker, when the house adjourned yesterday I had quoted a Canadian Press dispatch which had appeared in the Ottawa *Citizen*. I was drawing attention to the trend in Great Britain and other countries in the sterling bloc to seek commodities from other than dollar countries—in other words, to seek them in the areas where supplies were available. I mentioned such things as newsprint, bacon, eggs, timber, and so on. In the same edition of the *Citizen* was an editorial which I should like to place on *Hansard*. It reads:

> A forward step in British colonial administration is the establishment of university colleges in the West Indies, Nigeria, and the Gold Coast. These have completed their first teaching sessions. Emphasis is on practical studies like rural science, so that graduates may accelerate the economic development of the colonies.

Those two articles show quite clearly the desire of Great Britain to break away from the dollar areas in purchasing her requirements, and to find these elsewhere. This curtailment may affect us considerably in the near future. In pursuance of this policy, Great Britain has developed large areas in Africa for the growing of groundnuts, which play a great part in the economy of the country. By developing these lands and seeking new markets in sterling areas, the British

are following a logical course from their point of view. These facts are too self-evident to need further emphasis.

Our position is just as clear and simple. We must put up a fight to retain the British market, and we must do so before it is too late. I was pleased to see that the Minister of Agriculture (Mr. Gardiner) is taking a progressive step to retain the last segment of this market by arranging a contract for $3 million worth of apples. While this is going to cost the Canadian people some money in the current year, I think in the long run we shall gain through retaining a market that is one of the best markets British Columbia ever had. The fruit growers in my district are pleased with the action taken by the government, and would welcome any further action that would make this market a permanent one. I believe the amendment to the amendment would have that effect and I appeal to hon. members on both sides of the house to support it. As I see it, the situation calls for urgent action.

Another subject I should like to deal with is one that was raised a short while ago by the hon. member for Vancouver-Quadra (Mr. Green), who referred to the tremendous growth in population in British Columbia during the past few years. This has brought a considerable problem in its wake, one being the increased cost of education to the municipalities. Many of the British Columbia municipalities find themselves unable to keep a reasonable balance between the cost of education and other services needed in a community, such as roads, sidewalks, light, power, sewers, and so on.

The first charge on a municipality is that of providing educational facilities; then if there is anything left it is used to provide the other services. As I say, this unusual growth of population in British Columbia has placed an unfair burden on some of the municipalities. In some cases the municipalities are left with insufficient funds to carry out immediately necessary projects such as waterworks. Many of them have borrowed to the legal limit of around twenty per cent, and of necessity have had to leave undone many essential works that may be needed, such as sewers, waterworks, roads and so on.

I have in mind one very progressive municipality in my riding, the town of Enderby. The officials wrote to me a short time ago and pointed out that that municipality had been faced with the usual growth of population throughout the province. They stated that their education costs were worrying them, because they had had to increase their school accommodation, as well as the teachers' salaries. The general cost of education has gone up in the district. On top of all this they have to build a new hospital. This could not be avoided, because the old one was simply a firetrap and completely obsolete. They are now compelled to renew their waterworks. Enderby is not a very large town, and during the war, or even before the war, they were in difficulties. They were in difficulties in the thirties, and the government helped them out. Therefore their credit would not be considered the best. Today they must have a new waterworks plant which will cost $178,000. It is a must. They have written me asking whether I know of any means by which they can get money from the dominion government. I made inquiries, and found that no such funds are available. I also discovered that there is an act under which something might be done to assist them. It is the Municipal Improvements Assistance Act, under which municipalities were allowed to borrow money at two per cent for self-liquidating projects. Under it $30 million were made available for municipalities. Up to date $7 million have been used; the remaining $23 million were frozen by action of the government in 1940, when further access to the fund was denied. In the first place I believe it was a mistake to deny access to it. I understand that the fund was reopened for the benefit of the province of Quebec, which borrowed money for three or four years afterwards. It was a good act. I am going to ask the government to reconsider making it operative again, and thus give a break to the municipalities.

The position of the municipalities today in a province such as British Columbia is almost as serious as it was during the depression. They must grow, and they must have the facilities to take care of that growth. They must look after the health of their people, and they must have access to money bearing reasonable interest. Self-liquidating loans of this type are a sound financial investment; but more than that, they would bring untold returns by way of improvement in the health and general economy of the community. This is particularly so in the case of towns such as Enderby, which need more than the legal amount they are allowed under the municipal act, or possibly more than they could get on the open market.

I would not advocate the making of loans to the same extent as was done twenty or thirty years ago. I have in mind one town in the province of British Columbia which was compelled to borrow money over a fifty year period. After eighteen years the project for which the money was borrowed had no asset value whatsoever. It happened to be wood stave pipe. For thirty years following the loss of use of the project they had to continue to pay interest at the rate of six

per cent. I am not referring to projects of that kind; I have in mind self-liquidating projects which will return the money to the government within a reasonable number of years.

These municipalities do not expect charity. They are not willing to accept assistance of that kind, but they do seek a fair break in getting access to this money. I would go further and suggest that sound self-liquidating projects of this nature should be able to borrow money anywhere at two per cent, directly from the Bank of Canada, if you wish. After all, the wealth of Canada is not in bank credits but in the numerous progressive communities of our land. It is in our wheat fields, our mines and our timber. To my mind, the function of the Bank of Canada is to make funds available at a low interest rate in order to promote the development of these areas, thereby adding more tangible wealth to our economy. I think that the rules governing the operation of the Bank of Canada should be altered if there is to be substantial immigration to Canada in the near future. With access to that money we could have the 500,000 houses we need, and also the municipal improvements that we seek.

During the last war, British Columbia municipalities prepared plans for rehabilitation and reconstruction of their communities. The plans called for the expenditure of millions and millions of dollars, and the assumption was that the government would make funds available at a low rate of interest. So far as I know, most of them are still in abeyance. To my knowledge the bulk of the plans were sound; they were prepared by qualified engineers, right down to the blueprint stage so that they were ready to proceed. I am satisfied that unless the government change their present policy and make this money available, these plans will remain in abeyance for all time to come, because they call for a greater expenditure than any participating municipality could borrow legally on the open market.

I should like to point out that the government is doing its utmost to speed up the housing plans of the dominion. Criticism has been levelled against the government for not acting rapidly enough. I believe it is folly for the government to accelerate the construction of houses unless the municipalities in which the houses are to be built are assisted in securing the facilities necessary to service them. That is why places such as Enderby must have access to funds to which I have referred.

In *Hansard* of June 11, 1947, both the hon. member for Eglinton (Mr. Fleming) and the hon. member for Coast-Capilano (Mr. Sinclair) made valuable contributions in discussing the merits of the Municipal Improvements Assistance Act. I do not intend to quote from their speeches, but anyone who has any doubt about the merits of the legislation, and the benefits to be derived therefrom, can read the record. It is true that the act was designed to meet emergent conditions created by the depression, and that the conditions today are somewhat different. Speaking generally, this may be true, but fast growing municipalities are faced with the same problems of finance now as those which confronted them during the depression. The municipalities to which I refer are those which were incorporated and laid out for a population of from three to four thousand, and which now suddenly find themselves compelled to take care of a population of eight to ten thousand people without a single acre of new land being added to their taxable areas. One drawback is that the area of land within the municipality does not grow according to the increase in population. Assessment values, therefore, do not increase sufficiently to compensate for the population increase.

Having regard to the limited area incorporated, the argument may be advanced that the dominion government has no direct responsibility to assist these municipalities. May I point out that the average municipality carries between twenty and twenty-five per cent of its property tax free. Of course that includes churches and dominion and provincial public buildings. The cost of providing services to these tax-free assessible properties is carried by the other seventy-five or eighty per cent of the population who pay taxes. Many of these buildings are the property of the dominion government. I was pleased to hear the suggestion made—although not a promise—that money may be available to compensate municipalities for the services they provide to public buildings. These buildings receive, and expect to receive, police protection, road protection, fire protection, sewer and water services, and they would be the first to kick if they did not get them.

The other reason why the dominion government should assist municipalities is a simple one. In my riding we have a dominion experimental farm. Naturally there are children living there, and there is no dominion government school for them to attend. They attend the school at Summerland. The school board quite rightly feel that the dominion government should assist by taking care of some of the cost of educating children whose parents do not pay taxes because they live on dominion government experimental farm land. The same could be said of caretakers and others living on dominion government premises whose children attend school. The

principle is not new, because already this government takes care of the cost of educating the Indian children who attend the very same schools.

When all these things are considered, it will be seen that the dominion has a direct interest in the welfare of the municipalities; therefore I feel justified in asking the government to bring into operation the Municipal Improvements Assistance Act. Under this legislation a municipality could borrow a portion of the $30 million on a pro rata basis, in relation to the population of the dominion. In other words a town of 3,000 could borrow approximately $9,000, and so on. But the legislation also contained a clause under which a municipality which might not qualify otherwise could borrow up to $200,000, an amount far greater than would be available on a per capita basis. It may be necessary to broaden the act to provide a far larger amount for distribution than $30 million, but I do feel that in this act the government have an instrument that should not be withheld at the present time. Either make use of it and distribute the remaining $23 million, or broaden the act and carry it even further. I understand that one province would not take advantage of this legislation when it was available; but if no other province wants it, I think I can say on behalf of the British Columbia members that we should be glad to take the whole $23 million for municipal improvements in our province, though I understand the maritimes would like some of the money also.

Before concluding my remarks on this subject I would point out that no municipality which borrowed money under that act is in default with respect to either principal or interest, though most of the municipalities which took advantage of it were regarded by the orthodox finance houses as being on the borderline of sound finance.

I want to deal with one other subject, and in doing so to make a suggestion to the Minister of National Revenue (Mr. McCann). I have been receiving quite a number of letters from people in my riding who have a member of the family taking medicinal drugs, originally under the supervision of a doctor but later, presumably after a period of training, being permitted to take them without going either to the doctor or to the hospital. Sometimes the cost of these drugs is very heavy. In one instance I had brought to my attention it costs $60 a month, or $700 a year, for the drug in question; but when they claim exemption in respect of income tax they are refused. On the other hand if the person concerned had the same amount added to his doctor's or hospital bill, it would be allowed as an exemption. I merely ask the minister to consider changing the act so that anyone who is so unfortunate as to be obliged to take these drugs and to meet these heavy expenditures, while not directly under the supervision of a doctor or hospital, may claim the same exemption that would be granted if these amounts were added to the bill of the doctor or the hospital.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, in rising to take part in the debate on the budget I wish to deal with only a limited number of points that arise in this connection, since in fact this budget was under discussion earlier this year as well as during the present session. The figures before us are virtually the same as those which were under consideration earlier in the year. We must recognize that in most cases a large part of the expenditure already has been made and that the government is committed to those expenditures; no practical result, therefore, can follow from suggesting substantial changes in any of these items.

There are, however, certain aspects of this budget which should be of particular concern to members of this house at this time. As we look through the estimates which give the detailed amounts covered by the budget as a whole we find that the Department of National Defence spends more than any other single operating department of government. For that reason alone, if there were no other, it would be the duty of every hon. member, before passing upon the budget as a whole, to examine carefully how that very large amount is being spent.

Expenditures for national defence take on a new importance in view of the fact that Canada has assumed responsibilities in connection with the preservation of peace. It has been said in this house on a number of occasions that the hope for peace depends upon the combined strength of the free nations joined in the Atlantic security pact, and therefore the estimates before us have a special meaning at this time. But apart from the importance which may be attached to these estimates for that reason, there is the fact that the taxpayers of Canada are being called upon to spend nearly $400 million on national defence during the current financial year. It is the duty of hon. members of this house to take whatever steps may be regarded as necessary to ensure that this enormous sum will be properly expended and put to the best possible use for the purposes for which it is asked.

The actual estimates for the Department of National Defence amount to $375 million, but with the supplementary estimates and civilian expenditures associated with national defence activities we can take the round figure of $400 million as the amount to be expended this year by the taxpayers of

Canada on the defence of their country and as one of the member nations of the North Atlantic security pact. For this reason the members of this house who are considering the expenditure of these large sums should at the earliest moment give full consideration to the meaning of the Mainguy report—especially when one examines the purpose of these expenditures and the effectiveness of them. Requests have been made on a number of occasions for a standing committee on national defence. Such a committee has not yet been set up, and on different occasions the Minister of National Defence (Mr. Claxton) has indicated an unwillingness to set it up. If there ever was a doubt in the minds of the members of this house that there should be a committee of this house on national defence, it would be removed by a careful reading of the Mainguy report.

It is necessary to remember that this report does not cover the function of the navy as part of our national defence organization. It deals with a limited part of the activities of the navy, as is indicated in the opening part of the report. On the first page, in their submission to the Minister of National Defence, the commissioners state that their conclusions are unanimous. Then they go on to say:

> In an attempt to assist you, the government of Canada and the officers administering the Royal Canadian Navy, we were requested to find out and record what happened on the occasion of each of the incidents of alleged mass insubordination which occurred in the three ships concerned. We were further instructed to make appropriate recommendations, if we reached the conclusion that there were things which could and should be done to improve conditions of service, the relations between officers and men, the machinery for the ventilation of grievances and other collateral matters. We were also asked to consider whether there should be changes in regulations, conditions of service, and the training of naval personnel.

That indicates the positive limitations of this inquiry. The Mainguy report is so far-reaching, and so important in what it presents to the members of this house, as well as to the people of Canada, that we could well bear in mind that as to the organization of the navy for the particular duties assigned to it, the suitability of the ships, and the general composition of our naval forces, we receive no information. The report deals with the limited problem that was placed before the commission. I think it is proper to say that the commissioners have, by their report, demonstrated the value of inquiries of this kind. It shows what can be done in a constructive way to advance the defence services of this country by exposing to public examination those things which the people of Canada should know, and particularly, and above all, which the members of this parliament, the supreme authority for expenditures of this type and for the organization of our defence forces, should know.

The report deals with a number of subjects. I should like to refer to some of the findings, because they have a direct bearing on the discussions that have taken place from time to time on the general problem of national defence.

On page 10 referring to consideration of the situation on board H.M.C.S. *Magnificent*, the report has this to say:

> The complaints concerned unsanitary conditions and the presence of bedbugs, defective showers, overcrowding and inadequate arrangements for late-comers at meals. There was some ground for all these complaints. It was apparent that some of the matters complained of were adjusted. Overcrowding could not be dealt with at all during the cruise. Some fumigating was done to make the living quarters more sanitary. We are of the opinion that a good deal more of explanation could have been given of the reasons why some things could not be done. Reference has been made to the alleged lack of the proper planning of aircraft operations. It is true that a number of flights were cancelled for reasons which were not apparent to the men concerned. Apparently the aircraft handlers took some pride in their work and were quite willing to do extra tasks if they knew they contributed to the objects of the cruise. They felt that some of the changes were capricious, whereas many of them could have been easily explained but were not. The medical evidence suggested that some of the unhappiness and restlessness on board a ship which everyone called "unhappy" could be attributable to the tropical heat to which many of the men were not accustomed. This appears reasonable.

I should like to point out, in regard to this particular quotation, that all the matters to which reference is made are matters of administration, which means that, if the organization of our navy is in any way effective, they must have been brought before the Department of National Defence over and over again. If they were not, then there was a complete breakdown in the administrative organization of that department. These are conditions which any ordinary process of inspection, or any attempt to find out what was being done with extremely important equipment, would disclose very quickly.

I turn to page 41 of the report. In the intervening pages there is a tremendous amount of useful information and extremely useful recommendations. On page 41 there is a reference which may be regarded as a summary of the important recommendations contained in the report. On that page I read the words: "The Nelson tradition is overdone". No one in this country, Mr. Speaker, is more anxious than I am to see our defence organization and every aspect of our defence preparation truly Canadian, but I should think that the navy of the United States, or the navy of any other country in the world, would be proud of the Nelson tradition, which was

one of outstanding success in that great branch of the service. It is not a question of continuing to follow an ancient pattern. Nelson fought in ships under sail, and undoubtedly Nelson had an able force, recruited under very different methods from those described in this report. I am not now referring to the invention of the radio. In those days people had different views as to methods of encouraging enlistment in the armed forces of the time, but so far as the tradition was concerned, it was one which seemed to be good. I have found that our friends in the United States—and I mention the United States because we must recognize that that country provides the great central strength of our combined system of defence of the free world—at all times have been only too willing and too anxious to embrace the traditions which they inherited in earlier days from another land. I find that they study with enthusiasm the events which led to success in that branch of the service in an earlier day. But there is one Nelson tradition which in this house has been preserved. Every time an hon. member has raised some question in regard to national defence, has sought further information about it and advocated an inquiry by a committee of the house set up for the purpose, the Minister of National Defence (Mr. Claxton) has followed one well-known Nelson tradition; he has put the telescope to his blind eye; he has refused to see the subject that was being discussed. This particular Nelson tradition is not one that has borne very useful results in this particular case, and I think every hon. member will agree that it might well be abandoned; that we should put the telescope to the good eye and begin to appreciate these extremely important responsibilities.

I should like to refer to a statement which appears on page 42. There is the positive statement of these men that, according to the reports they received, the present actual complement of officers and men—and this was stated by several witness—was inadequate for the existing commitments and tasks of the navy if it is to concentrate on training, as it must do.

The report goes on to make certain suggestions which the commissioners believe would be helpful in meeting the situation. In the next paragraph on page 42 the report says that there are too few ships available for adequate training. My information is that certain steps have been taken to improve that situation, and that one of the ships which had been used for other purposes is now being used for training purposes.

On the next page, under the heading "Recruiting", there is a statement which has a direct bearing on the expenditures of public money. This is what the three commissioners found:

> In our opinion, and in the opinion of almost every witness, the recruiting methods were bad. Many officers complained that the organization of advertised recruiting had been left almost entirely to professional advertisers and specialists in commercial radio, who have known nothing of the navy, however skilled they may be in the sale of consumers' goods to a coy and jaded public. We propose to deal with this matter at some length, as we join with the men and officers whom we have examined in the belief that "soft soap operas" do not contain the virility, dignity and patriotic appeal which should be used to persuade young Canadians to serve their country.

That is something that every hon. member has observed. Looking at the advertisements for the navy, many people might imagine, until they read them more carefully, that they were advertisements for a world cruise in which the greatest possible comfort would be available for all who took this special opportunity. As the report points out, our young people are ready to assume their full responsibilities. They are a virile, courageous and energetic group of young people who are prepared to perform the tasks that are involved. What this report points out is to suggest that this is just some pleasant episode in which the crew are taking part creates an entirely wrong approach in seeking enlistments in the navy. The report suggests that it is desirable that an appeal be made to the real spirit of our people to take their share in the duties of nationhood. That general recommendation is one which certainly should have a bearing on the question of the continuance of some of these radio broadcasts, which give the impression that the appeal is being made for something in no way related to naval training or naval service.

On page 53 there is another reference in regard to recruiting, which follows a number of intervening pages that deal with this matter in some detail. It is as follows:

> In recruiting, what is sometimes called the "bed of roses" approach, and what is sometimes called the "beer and skittles" approach should be eliminated. Naval officers themselves should be invited to take far more interest and a much greater part in recruiting campaigns. Neither the design nor the content of publicity should be left to commercial advertisers. Every naval officer examined criticized what has been done. While their criticism may be fair, their abstention from this activity in the past placed an unjust burden upon those whose duty it was to shape the programs. A consultation between naval authorities and officers of the Royal Canadian Mounted Police would probably produce some good ideas. In any event, we have sufficient faith in the youth of Canada to believe that they will not shrink from rigours if they know they are essential to national service.
>
> Nor do we think either, that they need to be molly-coddled before they will offer themselves in their country's needs. In the picturesque phrase of one journalist who wrote about the navy, they

will not run away from the sea if they realize that "the navy is a challenge and not a chesterfield." If they are told that the navy, while treating its men and their dependents fairly, and paying them good wages and giving them wholesome food, is nevertheless a career for a "man," hard to enter but honourable, patriotic and adventurous, we do not believe that young Canadians will fail to respond to the appeal of their country.

That is the end of the quotation, but it is a quotation which should be in the minds of all hon. members in examining the very large sums being spent on advertisements of this kind, and on the soap operas to which this report refers.

Then, at page 60 there is another item of importance in discussing this whole subject, and it comes under the heading of "Laundries". This may seem unimportant in itself, but it is very important to people who require facilities of that kind. I quote the following from page 60:

> We received most vigorous evidence concerning the absence of proper laundry facilities at Esquimalt. The situation, in our opinion, demands immediate attention. In spite of frequent representation by responsible officers, over a period of years, no laundry yet exists in Esquimalt.
>
> There is a naval laundry at Halifax. Esquimalt should be given the same facilities immediately.

The point I should like to make is that this refers to repeated representations by responsible officers. There again, if that is something that needs to be done, and has needed to be done for some years, then there is definitely some breakdown in the organization, and a breakdown in the chain of responsibility in the over-all administration of this service, if that has not been acted upon. While in this particular instance it deals with the absence of a laundry, it is quite possible a much more serious subject might receive equal treatment under the same system of administrative responsibility.

Then at page 67 we find the very strongest emphasis placed upon training that should be given in the matter of the relationship between officers and men, and the requirements of full instructions in the humanities. There, again, is something that stems from the top, and for which those in the highest position of responsibility must assume responsibility in respect of everything that has happened.

At page 70 the report deals with recreational facilities ashore, and makes this finding:

> Shore facilities for the recreation, entertainment and education of Canadian sailors are very inadequate, especially on the west coast. They are somewhat better at the east coast. Many of the men are aware of what the United States authorities do for the officers and men of their navy. We had the privilege of visiting the Seattle Naval Air Station Recreational Building at Seattle. When we compared the magnificent facilities for the playing of games, for the carrying on of hobbies, for sea bathing and for reading at Seattle with the dinghy surroundings, the poor quarters and the lack of equipment at Esquimalt, we could not be anything but envious for our country's sake.

I feel sure that the word "dinky" is the word that was originally intended, when they refer to "dinghy surroundings". I should think "dinky" would be the only appropriate word.

Mr. Abbott: No, "dingy".

Mr. Drew: Oh, I thought it was probably "dinky".

Mr. Abbott: I would think it was "dingy", which is a good English word.

Mr. Drew: There is another reference at page 71 under the heading "Films at Sea" and this again makes the finding that a great deal more could be done to provide films at sea, that this whole matter should be dealt with, and that the national film board should be brought into this general picture. They say much greater use could be made of the film board, although the ordinary educational films are not popular with men at sea. I quote this statement from page 72:

> Many of them told us, however, that they would be interested in travel films and particularly in films depicting life in countries to be visited on their various cruises.

Then at pages 72 and 73 we find the conclusions which, at this time, I do not propose to read in detail. However, they are conclusions which relate to the whole question of the proper expenditure of our money, and what we are getting for this enormous sum that we spend. One finding which I believe will be welcomed by every hon. member is that in paragraph (l) at page 73, which states:

> We do not believe that there are any so-called "subversive" forces at work in the navy or that any such elements were responsible for the incidents. Like many other similar happenings, they passed through the usual phases of discontent, exaggeration of grievance, folly and thoughtless action.

The whole report, Mr. Speaker, is simply a finding within a limited field to the effect that there has not been effective administrative supervision of our naval services. There is no one in the house who has had contact with the members of the Royal Canadian Navy who does not realize that the personnel of that navy commands the admiration and respect of the people of Canada. It should be a matter of concern to every member in the house, wherever he sits, to make sure that appropriate steps are taken to deal with the findings in this report.

The point however which I should like to emphasize in this budget debate is this: This report opens only one window to the

whole national defence department. What we see here indicates the urgent need for similar inquiry into every other aspect of our defence organization and administration in Canada. Across this country young men and women in the permanent and non-permanent units of the navy, the army and the air force are doing a splendid job within the limitations of the opportunities afforded to them. In any one of the naval, military or air stations across Canada we can see young men and women carrying themselves in a manner that justifies the pride of every Canadian in those who wear the uniform of Canada. The least that we can do as members of parliament is to accept the responsibility of making sure that the $400 million of the taxpayers' money that is being spent for national defence is spent in the best possible way.

Nothing will contribute more effectively to the efficiency and high morale of those young men and women than to be sure that what money is being appropriated for this purpose is being put to the best possible use. I have no intention of reviewing in detail the many incidents that have occurred or going back over the discussions which have taken place in the past, but it will be recalled that in response to repeated requests for a standing committee on national defence the hon. members of this house have been given over and over again reassuring statements as to the complete efficiency of every operation in every branch of the department.

Those members of the press who had the opportunity to accompany the very small military and air forces which took part in Operation Eagle gave to the Canadian people a report which could be described only as disturbing, to use the mildest possible word. Following on the very emphatic assurances which had been given as to the quality of equipment and the readiness of certain of our forces to play their part, a report was given to the people of Canada by highly experienced veterans of the war who are now in the press service of Canada describing what could only be termed a fiasco.

This was no reflection on the men who had taken part in that operation. On the contrary, the press reports emphasized the excellent drill, the excellent spirit and the high morale of those who had taken part. But the reports emphasized also the inadequacy of the equipment and the fact that the units concerned were certainly not ready to go into action with the equipment they had. That was another small window opened to the situation in the army.

In the case of the air force, in spite of reassurances about the availability of equipment, the same press reporters informed the people of Canada about the inadequacy of the aircraft available for that particular operation. There again a very small window was opened through which the people of Canada could get just a peek into the actual situation in that great force.

Let no one suggest that anything that was said by these reporters was in the way of reflection upon those who are in these services today. Nowhere in the world are there men and women in uniform more capable of undertaking the tasks placed before them, but they can only do the job for which they are trained and for which they are given the essential equipment and supplies.

Without going into further details of this uniform and unanimous report of those who attended Operation Eagle, it does point to the necessity of an inquiry which will make it possible for the hon. members of this house to pass upon the estimates of the Department of National Defence with an actual knowledge of what the facts really are. Our whole free system rests upon knowledge of the facts. We do not prove that we have a working democracy merely because members representing all the constituencies in Canada are permitted to come and sit in this chamber, with the right to speak under the rules of this house. What determines whether this is really an efficient democracy is whether the members of this house are able to make their decisions with full knowledge of every essential fact in the possession of the government itself.

Perhaps because of the secrecy of the war years, which is something that no one can criticize to the extent that it became necessary, there has been a continuing tendency to regard essential information as the particular knowledge of the government unless by accident members of the opposition happen to find out about it or happen to make inquiries which bring it into the open for discussion in this chamber.

The whole history of our system demonstrates that it rests for its effectiveness upon knowledge of every essential fact, and that in peacetime the opposition—may I say hon. members supporting the government as well—are entitled to all essential information in the possession of the government. No one will question the necessity under circumstances of grave international uncertainty for some measure of secrecy—I will go further and say a high degree of secrecy—in regard to the military aspects of the development of atomic energy. But that relates to preparation of highly secret defence requirements which every hon. member of the house accepts. So far as the organization of our defence forces and their suitability for the

tasks that they may be called upon to undertake are concerned there is no reason for secrecy as to a single detail. There is no reason why every hon. member of the house should not have available to him for the purpose of reaching conclusions all information that is in the possession of the government.

This is not a new subject. Over and over again in the past the same arguments have been made, and the advances that have taken place throughout the years have been as a result of the appointment of committees of some kind which could inquire into the real requirements of our defence forces, and their efficient organization for the tasks they might be called upon the undertake. The modern army system in Great Britain, which we in Canada have followed to a considerable extent, came about as a result of the findings of the famous Esher committee of 1904. Demands have been made since the time of the South African war for an inquiry into the organization of the forces, the suitability of training, and their ability to undertake any tasks they might be called upon to perform in the future. It was not until that committee was appointed that the errors that had been so apparent in the South African war were overcome, and an effective reorganization took place under the modern general staff system. Other famous and important inquiries followed at different times. After the first world war General Otter made his famous findings known as the Otter report. In it was laid down the appropriate organization of the land defence forces of Canada, and the way in which they should be trained for the tasks they might be called upon to undertake.

It was not for some years that effective steps were taken to bring about the necessary reorganization, and in the meantime much had happened. In 1933 and 1934 extensive inquiries were conducted by the conference of defence associations, a body which embraced both permanent and non-permanent officers of the defence services of Canada. It was as a result of their recommendations that the reorganization took place which made it possible for Canada to mobilize its forces effectively at the outbreak of the last war.

Another war has passed. Four years have elapsed since it ended. The evidence is now clear on all sides that it is essential that there be an examination of the over-all plan of national defence, the suitability of the organization of our forces for that plan, the effectiveness of the training that is undertaken, and the proper expenditure of the money devoted to this purpose. There is no occasion to go into the past. We are confronted today with the necessity of spending enormous sums of money, approximately $400 million. Only a few days ago it was indicated to us that a bill would be presented for the unification of the defence forces of Canada. Unification undoubtedly is highly desirable, but unification will not be very effective unless the forces which are unified have themselves been placed in proper relationship to other forces, having regard to what is conceived to be Canada's particular place in the general over-all picture today.

It is only by the assessment of our requirements that we can know whether our money is being properly spent. It is an enormous sum of money by any standard, and every hon. member of the house has a duty to make sure that we know that it is being properly spent. If unification is to be effective, then there must first be an understanding of what the tasks are of the various forces which are to be unified under a plan of that kind. In the past few weeks we have seen a demonstration of the problems of unification. It may be worth while for us to remember that these problems were brought to the light of day by a committee where evidence was given about the organization of the defence forces, and the related requirements of the various defence services.

Many people may feel that in the Washington inquiry into certain problems of defence in the United States there was too full a discussion of various matters connected with national defence. I believe that nothing but good can come from a full discussion of that kind because the officers of the different departments were free to express their opinions, and to place before congress and the people of the United States what they regarded as the correct relationship of the army, navy and air force in their combined responsibilities. It is not a sufficient answer to say that the system in the United States is based upon committees, and that those committees initiate legislation, and initiate findings which are acted upon by the executive. I am not speaking about procedure but about the result. I am speaking about the fact that in the sister democracy of the United States members of the house of representatives and of the senate are able to make their decisions with a knowledge of the facts as placed before a committee by the highest experts of the different services of that country. After all, they did not hesitate to discuss the advantages or disadvantages of the B-36. They did not hesitate to discuss the capabilities of their most modern jet fighters. They did not hesitate to discuss the limitations of their aircraft carriers, their battleships and their cruisers. They did not hesitate to discuss the relationship of the army to the

navy and air force in the defence of freedom. Out of that discussion will come a decision based upon actual knowledge, and undoubtedly future errors which might seriously threaten their defence will be overcome by that very exchange of information and public discussion.

I know a motion could be placed upon the order paper that in the opinion of this house it is desirable that a standing committee on national defence be appointed for the purpose of considering our problems in connection with national defence. I also know that placing such a motion upon the order paper would not assure me the same opportunity to discuss this subject that is assured me at this moment. I also know that such a motion can produce no greater results if at this time the government is not prepared to accept the lesson of the Mainguy report and recognize that the time has come to appoint such a standing committee.

We had reasons given why this could not be done. I submit, Mr. Speaker, that any reason for not setting up a standing committee on national defence was swept into the discard the moment this government set up a committee on atomic energy. If it is appropriate to set up a standing committee of this house to examine the question of atomic energy, which has the very highest military potential as well as great peacetime possibilities for the welfare of society, surely it is equally appropriate that there should be a standing committee on national defence to examine the whole subject. That committee could examine our military forces to see how they should be constituted in order that we might make the very best use of our money. It could examine how the forces can be most efficiently integrated, how the minister may be best advised by his military officers, how the chain of military responsibility up to the chief of staff of each of the main services can best be carried out to avoid what was found in this recent inquiry. These are things a committee of this house can do. These are things it is the duty of members of this house to consider; and I submit that hon. members have no right to give the government a blank cheque for $400 million unless they have an opportunity to learn what really are the facts.

When I mention the figure of $400 million I recognize that at this point we cannot expect to have the appropriate information for the consideration of the estimates this year. Most of the money has been spent already. However, I do urge the government, and I do urge the minister in the interests of the efficient operation of his own department as well as in the general interests of the people of Canada, that an undertaking be given that a standing committee on national defence will be set up this session so that it may start its work and hon. members may have some assurance of adequate information when they are called upon to consider these estimates in the session to be called in the new year. That is the only way we can have an assurance now that we will be able to fulfil our responsibilities at that time.

I do hope the minister will regard this report as something that will be helpful to him. I hope he will not be satisfied to simply tell us of the things he has done already and what he intends to do to implement the recommendations of this report. Because of what this report has disclosed I hope he will assure us that we shall have the opportunity to obtain this information, and that in addition to the officers of the department experts will be obtained who can advise that committee on the most effective way in which the money provided in the estimates may be spent upon the defence forces of this country. We want to know that this large amount is being properly spent and that the waste disclosed in the Mainguy report is not being continued over a much wider field, throughout the whole of the defence services.

Now, Mr. Speaker, I wish to refer briefly to the subject matter of the amendment introduced on behalf of the opposition, to remind hon. members that we have urged that at the earliest possible date a conference of the nations of the British commonwealth be called for the purpose of doing everything possible to solve the trade problems that exist between those nations. It has been pointed out already that if we succeed in solving those problems within the commonwealth we shall have found a solution to the wider problems which confront the dollar-sterling areas today. This is a subject with which every hon. member of every party must be greatly concerned at this time. In presenting his budget the Minister of Finance (Mr. Abbott) gave assurances that the government is dealing with the matter. We have placed before the house a proposal which offers one practical and effective way of dealing with this problem as it should be dealt with, at the earliest possible date. Let us find ways of tackling this question which can gain the support of all hon. members. It is not sufficient for us to have bland reassurances from the minister that this will be solved. We have a right to know how it will be solved. We have a duty to suggest how it can be solved; and we know there is a problem to solve.

I am not going to go back and read the assurances that were given just a few months ago, when members of this government told the people of Canada there was no trade

problem. I need not recall to hon. members the repeated statement by the Minister of Finance that there would be no change in the value of the Canadian dollar in relation to the United States dollar. I need not recall the fact that even the word "ridiculous" was applied to suggestions that soon we would be called upon to face this problem. There is no need to refer to those now. The ministers of this government are quite properly telling the people of Canada today that there is a crisis ahead.

Mr. Abbott: No minister said there was a crisis ahead of us.

Mr. Drew: If the ministers have not used that expression, then they simply failed to use an expression which properly describes what they have said. If they do not believe there is a crisis, then the proper ministers should speak to Mr. Donald Gordon, who described the crisis fully in New York a few days ago. There have been those who have suggested that this government places great reliance on the statements of Mr. Donald Gordon, and the confidence of the government in his statements has been indicated by his recent appointment. Mr. Donald Gordon gave a speech which should be re-read—I do not want to suggest to the minister that he re-read it.

Mr. Abbott: I saw it before it was delivered.

Mr. Drew: Mr. Speaker, we now know that these statements by senior civil servants are, in fact, statements of government policy. In future we will bear that in mind. I believe it is important to know that the Minister of Finance saw Mr. Gordon's statement. We shall all re-read that speech in the light of that knowledge. Since the minister saw it before it was delivered, it can be taken for granted that Mr. Gordon at least wanted to know that there would not be any disapproval of what he said. If that is the case, we can examine Mr. Gordon's speech knowing that, to put it in its mildest form, the government did not disapprove of what he said.

Mr. Abbott: The Minister of Finance certainly did not disapprove of what he said.

Mr. Drew: The Minister of Finance certainly did not disapprove, and this is his budget. The Minister of Finance did not disapprove of a speech which gave a clear picture of recurring crises in the history of the world, brought us up to the present crisis, and pointed out that the only way to meet the crisis was for North America to buy more from Europe in the years ahead. It is that crisis to which I refer. If the Minister of Finance has not used the word crisis, he has certainly approved of the description of the crisis by a senior civil servant who discussed his speech with the minister in advance.

Mr. Abbott: Mr. Gordon is not a civil servant.

Mr. Drew: I am not going to go into the definition of the appropriate description of employees of the Bank of Canada. The word "civil servant" is a word of which anybody can be proud who occupies a position in the public service. Since the Bank of Canada is an agency of the government or is presumed to be performing a public service, I would have thought the term was reasonably appropriate in this case. We need not quibble as to whether he is a civil servant. In this case, he would appear to be a government spokesman.

Mr. Abbott: That is not the case, Mr. Speaker.

Mr. Drew: Although Mr. Donald Gordon before going to New York consulted with the Minister of Finance and submitted his speech to him—

Mr. Abbott: On a point of order, Mr. Speaker, Mr. Gordon, as he has done in the past, was good enough to send me a copy of his speech. I think he sent it to a great many people. I read it with interest, as I always read his speeches. It represents his own views. I happen to concur in them, but it does not represent a statement of government policy and was not put forward as such.

Mr. Drew: Mr Speaker, there is a clear principle involved in the statement that has just been made. Our system of government is one which accepts the proposition that the government is one, and that the statement of the appropriate minister is a statement on behalf of the whole government in regard to a matter that is the responsibility of that department. The Minister of Finance has stated that he approved Mr. Gordon's speech, so that whether he was the government's spokesman or whether he was merely putting forward his own opinion, we may read that speech with the knowledge that the Minister of Finance, the minister responsible for the budget statement of Canada which we are now considering, approves of that speech. We may examine it in that light.

Mr. Abbott: I sometimes approve of the speeches of the leader of the opposition, but not often.

Mr. Drew: I know that there have been occasions on which the Minister of Finance approved, because I was interested in hearing him repeat some of the arguments I had used about letting the Canadian dollar go to another

level when that decision was actually made. I also recognize that, in the very nature of things, we shall not always agree. I am hoping that in this particular case the Minister of Finance will agree with the proposal that has been put forward, that a positive step be taken to meet what was described in a speech that was approved by the Minister of Finance as a crisis.

If there is to be an effective solution of that problem it is essential that those who have two different parts of this problem to deal with should get together as soon as possible. There was one feature of Mr. Gordon's speech which, perhaps, does call for some attention. Mr. Gordon was speaking in New York. Undoubtedly he was really making an argument that the United States should buy more from Europe, but in using the appropriately courteous terms he used the expression "North America". Now, that expression indicates a general tendency to bracket Canada and the United States as two countries with the same dollar problem. One frequently sees clear evidence that the discussion of this subject is based, in many cases, on the idea that although we may be a nation with about one-eleventh of the population of the United States, nevertheless, standing side by side with the United States, our problem is the same.

Our problem is not the same. Our problem is a different problem and it is of vital importance to the future of Canada that we begin to deal with this problem as a different dollar problem from the United States dollar problem. Today Canada is actually at the crossroads in the relationship between the United States and Great Britain in the economic field. If we proceed to regard our problem as the same problem which confronts the United States, we may find that the United States has solved its part of the problem while we are left with no satisfactory solution. The reason our position is so different from that of the United States is that we have one striking similarity to the United Kingdom. We have a very unbalanced economy.

When I use the term "unbalanced" I do not mean adversely unbalanced, I mean the contrary. We have been expanding and developing for years, exporting far more than we import. We have been a great supplier of foodstuffs, of raw materials and of partially fabricated materials from those raw materials. In more recent years we have become a great industrial nation, and with the dramatic discoveries of oil and iron in this country in the past few years we shall become an increasingly important industrial nation. The prospects of this country were never brighter than they are today, so long as we do not forget that we have built up our whole level of production on the basis of export. We export more than one-third of all we produce; whereas the United States exports only a very small proportion. The United States has an almost completely self-contained economy. True, they buy from us such things as paper, pulp, wood products, minerals and certain of our industrial products as well as agricultural products, but to a great extent they are self-reliant or potentially self-reliant. On the other hand, we in the northern part of this continent must buy from outside Canada huge quantities of the goods we require. No matter what our population may become we shall always be a great importing nation, and for that importation we shall depend upon enormous exports.

In discussing this subject there is one feature of our export position which we must never forget and which places us in a different position from that of the United States. Before the war our great markets were overseas. In the last few years before the war, when the impact of war preparation did not have its effect upon exports and imports, in the year 1937, out of every thousand dollars worth of exports from Canada $370 worth went to the United States, and $630 worth overseas. Of that $630 out of every thousand, $372 was paid by the United Kingdom and $104 was paid by the rest of the nations of the British commonwealth. Thus we find that out of every thousand dollars of exports to the whole world $476 was paid by the nations of the British commonwealth. That was our great export market; also, these exports were going to nations which produced many of the things that we required as well. That proportion of export business had a very important bearing on the whole internal structure of this country.

Because we have relied on overseas exports from the earliest days our rail lines, our internal shipping lines, the services associated with them and the seaports have been built up to carry our trade to the outside world, and particularly to the United Kingdom. Any substantial loss of that overseas trade cannot simply be compensated for by a corresponding amount of exports to the United States. We want the highest possible export to the United States of goods that we produce; but it would be disastrous for this country if we became entirely dependent upon the United States as the one place outside Canada where we could sell the goods we produce. That has no relationship to our friendly association with the United States. It has to do with the situation that would result from the loss of that export business. Think of what it would mean to our railways; think of what it would

mean to all these shipping services; think of what it would mean to the internal ships that carry these goods to the seaports; think of what it would mean to the people at the seaports; and think of what it would mean to the men and women working on the ships themselves which carry these goods to the different markets of the world. It would have the most serious consequences on the whole economy of Canada. Therefore one of our most urgent requirements is to find a way of meeting that problem.

Only yesterday a Canadian Press dispatch carried the story that the two Canadian representatives who visited Britain in the past couple of weeks were shocked at the severity of the cuts proposed by the British government in the purchase of Canadian foodstuffs. Today we read in the press it is expected that there will be a cut of $100 million in certain lines of foodstuffs; but what is even more serious, as we look at this picture, is that nearly all of the purchases which are now being made in the sterling area are being made with Marshall funds. Unless we take effective steps, and take them soon, to meet this problem, then we shall have found no effective way to sell to the sterling area when Marshall funds come to an end. The time, therefore, to take the steps is now, and the time to meet the United Kingdom, Australia, New Zealand, South Africa, India, Pakistan, Ceylon and the other partners of the commonwealth, is right now while we still have time to work out an effective solution before we are confronted with the actual withdrawal of the buying power which exists today. That is the reason for our proposal. It is the only effective way it can be done.

We have before us a subamendment calling for an over-all reduction in tariffs. I submit, Mr. Speaker, that hon. members have not before them sufficient information to vote on the subamendment with any knowledge of what the effects of it would be. Already we have had reports from different ridings of what the effect is of the differential between the revaluation of the pound and the revaluation of the dollar. The fact is that for all practical purposes the United Kingdom has reduced our tariffs by a net 20 per cent within these past few weeks. We certainly should know what the impact would be on Canada generally and on employment in Canada before we support any general resolution of this kind, no matter how sincerely desirous every one of us may be to assist the United Kingdom and the other nations of the commonwealth at this time.

We shall not have greatly contributed to the solution of this problem if we follow any course which weakens Canada at this time. It has been pointed out that in the textile industry alone 500,000 Canadians are dependent for their livelihood on a business which is feeling the new competition. The answer to that may be given in different ways. The answer will doubtless be found by the appropriate examination of the subject by those directly concerned in this business. But today the indication is that the manufacturers in Britain are finding it possible to sell their products here under the new circumstances. A dollar-sterling board has been set up in Canada and a dollar-sterling board has been set up in Britain for the purpose of stimulating this business.

I submit there is not sufficient evidence before the house at the present time for us to deal with a recommendation of this nature, because already we see evidence that the opportunity to sell here in Canada has been greatly changed in these past few weeks to the advantage of those in the sterling areas. All of us will certainly welcome their opportunity to sell in our markets.

I should like simply to refer to the amendment before the house, which reads:

> This house regrets that the government has failed to take effective measures to prevent the present decline in our trade with the sterling area and is of the opinion that the government should consider the advisability of inviting the nations of the commonwealth to a conference in the immediate future for the purpose of working out arrangements to preserve and enlarge those traditional markets on which jobs and opportunities for Canadians very largely depend.

I submit that when the purpose of this amendment is examined it will be found it is one which can be supported by every member in the house; and that, in so far as any expression of regret is concerned, no member of the opposition will suggest that that is a want of confidence motion in the ordinary sense, but merely an expression of our regret that this has not yet taken place. We do urge members of the House of Commons to support this recommendation, that Canada take the initiative, with its special dollar problem, in bringing together the nations of the commonwealth to find a solution of the trading arrangements upon which the common prosperity of this great partnership will depend in the years ahead.

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, I am sure hon. members will not expect me to agree with everything the leader of the opposition (Mr. Drew) has said in his interesting speech; but with the general objective in his concluding remarks I am sure each of us would agree.

With regard to his references to the subject of national defence, and particularly to the Mainguy report, I am glad to hear him say that the report demonstrated the value of inquiries of this kind. And I might ask this

question: Who asked that the inquiry be held? The suggestion did not come from any source except myself. Who made public the report of the inquiry when it was made?

Mr. Drew: "'I', said the sparrow".

Mr. Claxton: I find we are on all fours with respect to some of the conclusions, but I am rather surprised that the fact that the inquiry should have been instituted, carried out effectively and promptly and resulted in such a useful report, and that this report should instantly have been made public, should not have been the subject of some word of appreciation.

May I say a word or two with respect to the report itself. At page 1 I find these words:

> Without in any way controlling our activities, directing our inquiries, or attempting to shape our conclusions, you were kind enough to add to your instructions a number of most valuable suggestions. We wish to thank you for the honour of our appointment and for the helpful observations with which it was accompanied.

That is the end of this quotation from the opening passages of the report, addressed to myself.

So that hon. members may have before them some of the suggestions to which reference was made, I should like to read from a memorandum I gave to the members of the committee when it was set up. This memorandum of suggestions will show why the inquiry went into the subjects it did, and made some findings which have been surprising to hon. members. Some of their findings and their report were made in response to specific inquiries, but no effort was made to limit the scope of the report in any way whatsoever.

In this memorandum I said:

> While no suggestion is made as to the form or tenor of the report, it is considered that it would be useful if its contents could cover the following questions which are included among those raised in the minds of many members of the public.
>
> (a) Is there any indication that any one of the incidents was the result of the action of subversive elements?
>
> (b) Is there any indication that any one of the incidents was planned some time in advance?
>
> (c) Is there any indication that the three incidents were the result of concerted action of men on two or more of the vessels? (For example, even if there was no direct evidence of this, it might appear that one or two men taking a leading part in spark-plugging the action had been together in a group at some time at Esquimalt. If there was anything in this, it might be desirable to make a detailed comparison of the service careers of at least some of the men.)
>
> (d) In each case had any of the grievances or complaints subsequently voiced by the men been made either formally or informally to their officers? If so, had any action been taken to remove the cause of such complaints or to explain why it was undesirable or unnecessary that any action should be taken?
>
> (e) Is the procedure laid down for making complaints adequate, understood and used?
>
> (f) Is the relationship between officers and men such that the men really do go to their officers and speak frankly to them?
>
> (g) In each case did any of the ship's junior officers, chief petty officers, petty officers, leading seamen or other senior ratings know of the complaints or grievances before the incident? If so, what action did they take? Did they bring the matter to the attention of the appropriate authority and explain the action they were taking to the men?
>
> (h) Did any of the officers or senior ratings know in advance that the men were going to take the action they did?
>
> (i) If they did not know, how was it explained that this should be the case in view of the close and continuous association between officers, senior ratings and ratings aboard ship?
>
> (j) When did the men first begin to discuss the action they subsequently took? Was the action taken the result of an accumulation of grievances, whether real or imagined, or did it result from some particular incident, or was it due to a combination of a number of grievances which culminated in the action taken?
>
> (k) Did the men thoroughly understand the machinery for voicing grievances?
>
> (l) Did the men thoroughly understand the impropriety of the action they took?
>
> (m) What reason do the men give for not following the regular procedure?
>
> (n) If it is considered useful, some general reference might be made to the general character, bearing, background, training morale, sense of duty and education of the officers and men.
>
> (o) Reference might also be made to any relevant facts or views about the conditions of service ashore and afloat, including accommodation, food, recreation, leave, pay and allowances.

It must be quite obvious from the scope of the questions in this memorandum that the answers which might be given to some of them at least were anticipated by the officers at naval service headquarters and myself. In view of these incidents it was exceedingly important in the interest of our national defence and of our naval services to establish beyond question what the facts were, why the incidents occurred and how the conditions which gave rise to them could be met. It was not only important to find that out, but also to get from the three members of the committee which made the inquiry, a group which enjoyed the most complete respect and confidence, views on these questions which would be useful in presenting the matter to the public and which would reinforce our own efforts to see that conditions in the navy were made as good as they could be.

It is important to recall that the members of the inquiry made some general findings. On page 3 they said this:

> Although this report in the very nature of things is bound to be critical, it must not be assumed that there are not many reasons for great national pride in the achievements of the Canadian navy past and present, and in the men who inherit and guard its traditions. It is certain also that wisdom, experience, and the passage of time will, by their own momentum, work many great and lasting improvements. We were asked to find out what was wrong

with the navy. If, therefore, we have stressed what is wrong, it should not be forgotten that a great deal is overwhelmingly right.

The members of the inquiry saw some 238 witnesses and in accordance with the directions that had been given they had officers and men in and obtained their views in the frankest and freest possible way on everything relating to the incidents and the state of training and discipline and the conditions of life aboard the ships. This was done with the purpose of endeavouring to rectify a condition which clearly was wrong, and it was done with the thought that a full disclosure and a full and frank report would enable the people to judge exactly what was the situation.

I must say that the members of the inquiry did a magnificent job and in tabling the report the day before yesterday I thanked them in the name of the government for having done a great bit of work. This is more than a report dealing with certain incidents; it may well constitute an historic document dealing generally with the questions of naval traditions and discipline and the all-important relationship of officers and men.

The report contains some thirty enumerated recommendations, but in addition there are a number of others. As I said yesterday, when the estimates of the department are under consideration I shall be glad to take up any of the points mentioned in the report and discuss them in detail with hon. members. The leader of the opposition (Mr. Drew) referred to some seven or eight different pages in the report, but before dealing with what he said I should like to call the attention of hon. members to one significant fact that must be taken into consideration when evaluating and considering the problem of organizing the navy after the end of the war. At page 5 of the report there is a table showing the number of officers and men and the number of ships in the Canadian navy in 1939, the total personnel being 1,585 and the number of ships, 16. During the war the personnel was built up to a peak of 93,034 and the number of ships increased to 956. At the time of the report the personnel totalled 8,813 and the number of ships 54.

These figures will show hon. members something of the problem of reorganizing the Royal Canadian Navy on a post-war basis. I might say from my own knowledge that the navy has suffered one handicap in comparison with the army and the Royal Canadian Air Force in that the proportion of officers and men who were in the service before the war is smaller than is the case in the other two services. This means that the navy has fewer officers and men who have long experience, particularly experience of service in peacetime.

One striking fact I might mention is that the navy has increased in size some 25 per cent in the last two years, which represents a large job of training, of manning ships and settling down to the routine of working the ships. The navy has been operational to a larger degree than the other two services and unquestionably this has imposed a strain upon it, which is referred to in the report. I am not saying this by way of an answer or by way of an excuse; I say it because it is necessary in order to understand the problems that the navy has been faced with and to be fair to the officers and men who did a great job during the difficult period.

I think it would be more convenient to deal with these specific points mentioned by the leader of the opposition when the estimates are under consideration, but perhaps I should refer to some of them. He referred to the fact that on page 10 reference is made to some of the conditions on board H.M.C.S. *Magnificent* and expressed some surprise that the conditions there described should not have been brought to the attention of naval service headquarters or of the minister himself. Some of us have been on great ocean liners and I venture to say that we probably would not be surprised that cockroaches are occasionally found on some of the great luxury vessels. The fact that that condition existed for a time in the *Magnificent* was not brought to my attention.

Had that been done, no doubt I would have caused the appropriate officer of the navy to give instructions to destroy the cockroaches, but I think it is somebody else's job to look after cockroaches. I certainly would have expected that the officers of the *Magnificent,* if that condition existed, would have been competent to deal with it without its having to be reported to me. Quite a few of the other complaints and grievances are of a rather similar character. Put together they present a certain picture, but from my own service experience in the army, if our unit had been interviewed at length in the sympathetic fashion that the officers and men of the Canadian navy were interviewed, you would have had a picture of a most disastrous and appalling situation, whereas I venture to say our unit was one of the best in the Canadian army. Therefore I think it is necessary in considering the report to take into account the fact that the members of the committee making the inquiry were asked to do just this kind of job so that all of us would see the whole picture.

As to recruiting, which is dealt with at page 43, the leader of the opposition (Mr.

Drew) followed the members of the committee of inquiry in referring to "soft soap operas". Here again I must say I am not going to enter the lists on the side either of the committee or of the leader of the opposition on the question of the appreciation of the value of advertising of any type. It is a matter on which everybody has an opinion, and one opinion is frequently as good as another. I can speak, however, about recruiting advertising from one point of view, and that is that it produced results. The fact that the navy is the first of the three services to be up to its present establishment in men is striking evidence that the navy got the men it needed, and is continuing to get them. At the present time we have a waiting list for enlistment in certain classes of the navy. We are going to continue to recruit men even if the present establishment is maintained, because there is a wastage of about sixty-six men per month.

Not only did we get the men, but before and during the inquiry we also conducted investigations to see how the men were liking the life. I have talked with a good many of them myself and these investigations, made by people in the services and outside, have shown that by and large the recruits we have been getting for the armed forces have said, after they have been in service for a matter of some weeks or months, that generally speaking they have found conditions of life much better than they expected, indicating that we are not painting too bright a picture of world cruises and the like.

In the light of the report, I have looked again at all the navy advertisements in the last week, and have gone over them in detail. I can assure hon. members that there is very little in the way of advertising of "world cruises" indicating that it is going to be a "pleasant episode". The advertising has been aimed at young Canadian boys and men from the age of seventeen up who want a career of usefulness and service to their country where there will be opportunities for them. That is the note that has been emphasized. That is the appeal that has been made, and the fact that the response has been good indicates that we have not been shooting wide of the mark.

I have also compared our advertisements with those of other services, those of other countries, and those of the R.C.M.P., to which reference was made. I must say that from my examination of our advertisements I feel they are suitable for the job, well framed and fair, that they have painted an honest picture, and have obtained results.

Mr. Pearkes: Would the minister indicate how much money that recruiting has cost?

[Mr. Claxton.]

Mr. Claxton: I would have to get the figure for the hon. member. Reference was made at page 60 of the report to the fact that we did not provide laundry facilities at Esquimalt. That is an important thing, but I would not have thought it would warrant particular attention at this time in a budget debate. I have looked into that matter, and I find that, whereas laundry facilities are provided for officers and men of the armed forces at most places, at Esquimalt provision was made in the service's program for last year or the year before, and before it reached me it was taken out by officers of the service on the ground that there were other things which had a greater priority. That is one of the recommendations which depends on treasury action, and which I think should be carried out. I am sure if it had been brought to my attention earlier I would have seen that it was carried out.

With regard to recreational facilities, to which the leader of the opposition referred, quoting from page 70 of the report, I have not seen the building that the members of the committee of inquiry visited at Seattle, but I have seen the recreational building in H.M.C.S. *Stadacona* at Halifax. I know of no better recreational building in any service in any part of Canada. I think it is the equal of anything I have seen in any university with the possible exception of Hart House. I have never seen anything to better it in a Y.M.C.A. or community hall. That is the situation at Halifax. If the building at Seattle is better, then it must be a very fine place, and rather like a good club with all kinds of specialized equipment. The building at Halifax has a swimming pool, a track, a large drill hall floor for badminton and other games and for dances, bowling alleys, billiard tables, ping pong tables, and two rooms containing a large library and a very large record library of serious and jazz music. Altogether it provides a good place for men to seek their quite proper entertainment and recreation.

At Esquimalt we hope to construct a similar building, but there again it is a question of priority. During the last two and a half years I have put the emphasis, so far as our construction program is concerned, on the building of married quarters. I felt that came first, that the one essential thing we needed to do was to enable the officers and men of the armed forces to be united with the members of their families in their own homes in good communities. To that end we started a building program, and have increased the number of married quarters from what it was at the beginning of 1947, 1,100, to a total of 7,400 or 7,500 when the present year's program is completed. Each

of those quarters relieves the situation with respect to civilian housing, because it enables a service family to make room for a civilian family. We put that first and this program of constructing married quarters has been much bigger, in proportion to the size of our armed forces, than anything I know of being done in any other country. We felt that was needed, because we wanted to create conditions for a good life for our men, particularly our married men, particularly veterans, and more particularly those who had been separated from their families for some time.

The next priority we considered was the building of barrack accommodation to replace some of the barracks that were in bad condition. Two of the worst in the armed forces were those at Halifax and Esquimalt. We have done work on the building at Halifax, and I hope the appropriation for next year will permit us to do what must be done at Esquimalt. This kind of consideration is a question of priority. This year, in the services and through Central Mortgage and Housing Corporation, we have some $90 million available for the construction, maintenance and repair of buildings. That represents an enormous construction program. When we shall have met the need for married quarters and for more barrack accommodation, undoubtedly we can move forward with regard to recreation; and that will enter into the long-term program.

Then the hon. member mentioned films. The arrangement in all three services is that films are provided to service units through the canteen or other funds raised by the men themselves. It has not been the practice at our ordinary service centres to provide films out of public funds. I think hon. members will agree that this seems reasonable in view of the fact that the men themselves have to pay if they want to see films. But in all three services arrangements are made for the circulation of good films obtained from the agencies on a hire basis. The film society in the navy, which is a voluntary organization, apparently has not been as active as it might have been, and at the time of the incidents I understand *Magnificent* was not taking films from the film society. At the present time it is, however; so is *Ontario,* and so are most of the other principal units in the navy. That is largely a matter of internal management, and we will see that greater facilities are provided for securing co-operation in this respect and also for making available more films of the film board and other serious films. However, that is not a very great matter.

Then the hon. member referred to Operation Eagle, which I think perhaps I should deal with again when the estimates of the department are under consideration. However, I venture to say that no word of criticism has been or could be uttered about that operation from the point of view of the performance, the ability and the state of training of the officers and men of the P.P.C.L.I. In the second place I do not think a word of criticism has been offered or could be offered about the skill and state of training of the officers and men of the air force, either regular or auxiliary. In the third place I do not think anything has been said or could be said in criticism of the work done by the staffs who planned and carried out the exercise. I make these statements believing, from my discussion with people who were there, either press or otherwise, that they are in accordance with the facts. It was those three things the exercise was designed to test, and the reports by my officers indicate that in these respects the exercise was very successful indeed.

As for equipment, of course the reports did not indicate to us anything we did not know. We have no packet aircraft, and I do not think any country in the world has them except the United States. They are still being modified, and they cost well over half a million dollars each. In this exercise we did use some seventy-two aircraft of a type suitable for the purpose. We did not use any Vampires because it was not an exercise in which we were using Vampires; and to criticize the exercise for not using Vampires or not having one type of equipment or another seems to me about as relevant as criticizing a rifle shoot out at the Connaught rifle ranges because we were not using 5·5 guns. This exercise was planned as a battalion exercise, to test co-operation between the men of the battalion who were doing a parachute jump, and air force units. It produced some very interesting results, which will be profitable in future training.

The exercise was criticized on the ground that the parachutes were patched. There are no patches in the parachutes. In the Canadian forces, as in the United States, if on examination—and parachutes are examined after each use—a parachute is found to have any sign of wear or scuffing of any kind, an entire panel is replaced by a new panel. It happens that the new panels in this case were white and therefore showed up, since the other panels were camouflaged. Apparently this caused someone to say that the parachutes were in bad repair, or were patched.

Mr. Drew: Was that the cause of the report that some patches had been made with parts of women's clothing?

Mr. Claxton: If such a report was made it was completely unjustified and untrue; and I am sure the leader of the opposition (Mr. Drew) does not believe it.

Mr. Drew: I think the minister knows the report I mean.

Mr. Claxton: I am sure the leader of the opposition does not believe any such report; and if it was made it was not true. Then I saw one suggestion somewhere that machine guns were being used which were obsolete, and in fact that they were of the first world war type. The reference was to Vickers guns, which I am advised by my officers are still the best and most effective type of gun for a particular purpose. They had the appropriate number of Vickers guns and all other types of weapons for an exercise of that kind.

Mr. Harkness: The complaint was that they were lacking in sights, I think.

Mr. Claxton: I never heard that complaint and never saw it in the newspapers. That report was never brought to my attention; therefore I am not in a position to say whether or not it was justified. It is a new point, which I shall look into. I did see some suggestion that we were to blame because the guns lacked ammunition. I should point out that the guns were firing blanks, and the only effect of any lack in the blanks available at any point would be that the noise would not be as loud as otherwise. However, there is no shortage of blank ammunition in Canada, nor was there any shortage at the scene of the exercise. Some of the reports indicated that the guns had jammed, and that is quite true. The Vickers gun is equipped with a special lock for firing blanks. This lock is not as well machined as the gun itself and sometimes it jams. When it does the soldier clears it. If he does not, he stops firing blanks. We have considered it is not worth while making up a new set of attachments for firing blanks just to meet this particular difficulty with which we are familiar.

Mr. Stewart (Yorkton): Were there any Ross rifles there?

Mr. Claxton: There were no Ross rifles. I do not want to spend more time on this subject now. The hon. leader of the opposition closed his speech with a reference to the reports of a number of other committees, stating that all those reports had been useful. He mentioned them in support of his plea that there should be a committee of this house on defence. He referred to the Esher committee of 1904. I might point out that was not a parliamentary committee. The leader of the opposition referred also to the Otter report; that was not a parliamentary committee. He referred to the excellent work done by the council of defence associations, which is not a parliamentary committee. The fact is there has not been a parliamentary committee on defence which made a report, either in the parliament at Westminster or in this parliament. It has not been considered, by any government at any time, that that was a desirable way of doing it.

Now, that is not my decision. It is the view of the government. It has been the view of all governments up until now. I indicated the reasons for it during the discussion of a motion by the member for Eglinton (Mr. Fleming) for the appointment of a committee on social security. The reasons are the same, and they are general. So far as I am concerned, I would welcome a committee on defence or anything else, but I do not believe that is the proper method of conducting business in parliament or of running the defence forces of this country. I believe experience in other places supports that view.

The leader of the opposition on this and other occasions gave the impression that the members of the opposition had consistently been refused information about the defence forces and defence matters. That statement would paint a picture of requests coming from members of the opposition almost daily. I should tell this house that, so far as I know, I have never received a private request from any member of any of the opposition groups that I have not answered. With regard to questions put in the house—I have not had an opportunity of checking my own records or those of the department because I have been in the house ever since the leader of the opposition raised the point—I believe I am right in saying that only one request for information has been refused in the last year and a half, and that was made by the hon. member for Calgary East (Mr. Harkness). It was refused on the advice of my advisers, after the most serious consideration, for reasons which were made clear at the time. It is not the practice and has not been the practice, in this or any other country which has the parliamentary system of government and particularly at Westminster, to give specific information about the strength or the trained strength of the units of the active forces.

The reason for that has been made plain on a number of occasions. I believe that reason has appealed to the good sense of the majority of hon. members as well as to the people throughout the country. So far as I am aware that is the only bit of information, certainly

it is the only type of information, that has been the subject of an inquiry that has met with such a reply.

The leader of the opposition said they would be failing in their duty if they did not have an opportunity of making an examination of the over-all plan, the suitability of the forces, effectiveness of training, and the proper expenditure of money. It seems to me those are all proper matters for discussion at any length, and in any detail, in the consideration of the estimates of this department. That is the type of matter which has been discussed when the defence estimates have come before this house on previous occasions. I shall welcome a discussion of them to the fullest possible extent when the estimates of the department come before this house, which I hope will be at an early date. I hope we can have then a debate on defence matters. I shall be glad indeed to give every possible bit of information about anything relative to the work, aims or objects of the defence forces that we do not believe is contrary to the national interest. So far as I am aware, that has been limited in the past only in the way I have indicated.

It seems to me that the best time to take all this up is on the defence estimates rather than on the budget. Certainly I did not come here today expecting to make this speech. In conclusion, I should like to say that I have been in this portfolio for two and a half years. In that time, I have met most of the officers and many of the men in the armed forces in Canada; I have visited the units, active and reserve, and I have been proud to be associated with them in this work. It has been a work full of interest and full of difficulties, as is indicated by the subject matter of this report as well as by events in other countries. It is a work in which we can show results, and there are signs which give encouragement.

With regard to organization, I believe I can say without fear of successful contradiction that in the work of unification, co-ordination and the streamlining of our forces, navy, army and air forces, the Department of National Defence of Canada has made more progress than any other country in the world. I believe that in the all-important question of the training of officers we have, in the various plans in effect in Canada, subject to such adjustment as we will make particularly in regard to executive officers in the navy, more candidates for commissioned ranks in the three services training to our standards than any country in the world. With regard to the general work and training activities of the armed forces, we are making steady progress. Recruiting for the active forces is proceeding at the rate we want, so that the target for the army will be met in September and for the air force in December of 1950. With the continued support of the members of this honourable house and the constructive, useful criticism of the loyal and all other opposition, I believe we shall build up our armed forces in a way which will redound to the credit and security of Canada.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. J. H. Rooney (St. Paul's): Mr. Speaker, for the record may I add my congratulations to those which have been extended to you by hon. members. I have always felt that in your appointment it was a friend appointed. It must be apparent to all that you are carrying out the duties of your high office with dignity and all fairness.

I also desire to congratulate the mover (Mr. Boisvert) and the seconder (Mr. Laing) of the address in reply to the speech from the throne As a newcomer to the house I was told by one of my friends to read a certain book written by George W. Ross entitled "In and Out of Parliament" in which he said that you should get up as soon as you can, because if you are going to get thrown out of the house you may as well get thrown out early.

Today, Mr. Speaker, I had a wonderful apple presented to me. Some time ago we had peaches and other fruit presented to us. I sent to St. Paul's in Toronto to see if we had apples or any other fruit. After they had made their report the consensus was that we had only one apple tree and they could find only a couple of apples on it. But in St. Paul's, when you visit there, what we can give you is hospitality and good will. When you visit Toronto, whether you come by rail or water, you will land in St. Paul's riding, the very centre of the capital of the banner province of all Canada, which I have the great honour to represent.

It was with a feeling of pride in our government that I listened to the terms of the budget which was presented to the house by the Minister of Finance (Mr. Abbott). Throughout the years of the war and in the years prior to and since the war the Liberal government has built up a consistent record of wise and honest administration, which I maintain is again reflected in the present budget. Under the long and brilliant leadership of the Right Hon. W. L. Mackenzie King, Canada has grown and prospered and has become one of the major nations of the world today. I suggest, sir, that under the leadership of

the present Prime Minister (Mr. St. Laurent) the torch will be carried high and his name will go down in history along with King, Laurier and Macdonald as one of the greatest leaders since confederation.

In the time at my disposal tonight I propose to direct my remarks to that portion of the budget relating to housing, in this sense, that the federal government, as well as rendering financial aid in one form or another, should also give serious consideration to the location and type of future housing projects which more and more are becoming all-important factors in our national housing problem. Relief for our people in the matter of housing has been, and still is, one of the most pressing needs. It is one to which the federal government, through its crown company, the Central Mortgage and Housing Corporation, under the capable direction of Mr. D. B. Mansur, has extended all possible aid in money and materials in an effort to speed up construction of homes for the people. In spite of this, the scarcity of dwellings, or living accommodation of any kind, within the means of the average person, still continues. One needs only to read local newspapers to realize the situation.

I am sure we all agree with the Minister of Reconstruction and Supply (Mr. Winters) that the housing shortage, which started during wartime and continued into the post-war years, gives every promise of becoming a long-term peacetime problem. Therefore, any approach to the problem should be made with that end in view, and will require the joint efforts of the three levels of government, municipal, provincial and federal, together with private endeavours.

Methods used to solve an extreme housing shortage during periods of emergency cannot be applied with the same success when the need remains continuous for a lengthy time, and will only bring further additional problems.

Up to the present, for the most part, we have largely attempted to meet the situation by the building of small dwellings on the outskirts of our towns and cities where land was readily available for the purpose. If we continue to solve our problem in this manner when we are faced with a long-term housing shortage, will it not have the effect of creating additional problems, such as transportation, schools, roadways, sewers, and water for communities already overburdened with taxation, and will it solve the dwelling needs of the majority of citizens? I personally do not think so as the large percentage of those citizens belong to that vast group of workers who must go forth daily to their work, individuals and married couples where both husband and wife must work. Housing units for this class of citizen should, therefore, be located within easy distance of their work. In any city or large town, I believe it will be found that the greatest number of persons are employed in the downtown section of the community. This is why in our cities and towns we find people living in deplorable conditions in overcrowded rooming houses or in run-down small houses in our so-called slum areas of our downtown sections. The only remedy offered these people in the matter of improved conditions is a single family unit miles away from their work on the outskirts of the city, which in most cases would be out of the question financially, even with assistance, and in addition most of them do not require or want a house.

As a resident of the city of Toronto, I have recently made a partial survey of conditions in that area as they relate to housing, particularly in St. Paul's riding, which I have the honour to represent. To illustrate my point I would like to briefly outline some of my findings.

Toronto is the second largest city in Canada, covering an area slightly over forty square miles, with a population of 670,000. The assessed value of its taxable property is $1,172,000,000. St. Paul's riding, covering an area of almost five square miles, cuts through the centre of the city from the Toronto harbour on the south almost to Eglinton avenue on the north, a distance of four and a half miles. It has a population of 72,347 and the assessed value of its taxable property is $356,694,000—30·43 per cent of all the assessed property value in the entire city. This may be a reason why St. Paul's is called the richest riding in Canada.

Within the southerly area of St. Paul's is located the heart of Toronto's financial district, with its skyscrapers and many large office buildings, its docks and warehouses, and a large percentage of the city's hotels, theatres, hospitals, government buildings, and business establishments, some of which are: the union station, the dominion public building, the postal terminal, the harbour commission building, the Royal York hotel, the King Edward hotel; the head office in Ontario of the Bank of Montreal, which has just moved into its $8 million buildings, and the Royal Bank of Canada; the head offices of the Canadian Bank of Commerce, the tallest building in the British empire, the Bank of Nova Scotia's new building under construction, the Imperial Bank of Canada, the Bank of Toronto and the Dominion Bank; the head offices of the Canada Permanent Trust Company, the Toronto General Trusts Corporation, the National Trust Company, the Chartered Trust and Executor Company; the head offices of

the Canada Life Assurance Company, the Confederation Life Association, the British American Life Assurance Company; the Canadian Pacific Railway Company and the Bell Telephone Company of Canada; the three daily newspaper offices and plants—the Toronto *Daily Star*, the *Globe and Mail* and the *Telegram*—the Metropolitan building, the National building, the university of Toronto buildings, the Royal Ontario museum; the two great department stores, the T. Eaton Company and the Robert Simpson Company; Maple Leaf Gardens, St. Michael's hospital, the Toronto General hospital, the Women's hospital, the Wellesley hospital, the Mount Sinai hospital, the Hospital for Sick Children now under construction.

From the foregoing list of large companies and institutions one can readily see the vast number of persons who would be required to staff them. For example the two largest departmental stores employ a combined total of 21,850 people. At Christmastime there is an additional 8,000, making roughly 30,000 people working in these two stores. In addition there are countless other large and small businesses and factories too numerous to mention. In passing I might say that the university of Toronto has 3,000 employees, with 13,700 students.

In all there are literally tens of thousands of workers employed in the downtown section of St. Paul's riding. This fact is borne out by the following figures received from the Toronto transportation commission. The commission carries in the city of Toronto approximately 960,000 people in the normal week day, of which number a total of 240,000 people are carried daily into the downtown section of St. Paul's riding.

In other words, one-quarter of what they carry in the city of Toronto is carried daily into St. Paul's riding, which I have the honour to represent. Unfortunately the residential areas surrounding this downtown business district have never undergone any change in the way of remodelling or rebuilding in order to meet the ever-growing demand caused by the ever-increasing number of persons employed in that section. The many city blocks of residences, large and small, in the central, east and west sections of my riding were all built years and years ago. They are long since obsolete even for the purpose for which they were built, let alone for the purposes for which they are now being used, which are rooming houses for the large ones, and families too large for the small ones. In addition, there are row after row of old stores, with one or two storeys over them which are used for dwelling accommodation, and which are in many cases actually unfit for living in or for any other use.

extreme, and with them all the undesirable features of conditions associated with so-called slum areas. Yet, all available living accommodation in this central and downtown area is fully occupied, whether good or bad, and high rentals are being obtained. For example, a recent newspaper article stated that three dwellings on Jarvis street had been condemned as a firetrap. Yet one hundred persons are still housed there.

Consequently, the majority of those thousands employed today in the downtown business district, in order to find accommodation, are compelled to live north, east, and west, many miles from their work, travelling anywhere from one to one and a half hours each morning and night.

Evidence of this exit of population to the outside areas may be found by glancing at the population figures of Toronto proper, and the population figures of its adjoining municipalities, in a ten-year period, and particularly in the past three years, as follows:

Year	Population of Toronto
1939	649,123
1946	696,550
1948	670,035

One is amazed to find that in a city which appears to have prospered and expanded in business to such a large extent, the population has increased by 21,000 in ten years, and it is startling to note that in the past two years, from 1946 to 1948, it has decreased 26,000. The records of adjoining municipalities, sometimes referred to as greater Toronto, for the same period, are as follows:

Year	Population of Suburban Toronto
1939	219,234
1946	275,273
1948	317,133

Here we have an increase of nearly 100,000 in population, over a ten-year period, and in the past two years alone, from 1946 to 1948, an increase of 42,000.

In my opinion, Mr. Speaker, the amazing increase in population in the suburbs, as compared with a decrease in population in the city proper this past two years, is due almost entirely to the housing policy which has been in vogue during the period under review. The record of building permits issued for new houses throughout the entire city of Toronto in the past three years has been practically nil in comparison with those issued for the suburban areas, as follows:

City of Toronto: Year	Number of Permits Issued
1946	225
1947	174
1948	144
1949 (9 months)	161

Greater (or Suburban) Toronto:

Year	Number of Permits Issued
1946	5,061
1947	5,097
1948	6,914
1949 (9 months)	7,974

This present trend of rapid building to the outskirts, due to our housing shortage, has greatly increased shortages in other public services in Toronto, foremost of these being transportation, and all that goes with it.

The city of Toronto owns and operates one of the most modern and most efficient transportation systems on this continent, carrying last year an amazing total of 311 million people. It is, however, placing an unbearable load on the system, and a great hardship on the people. One can readily see why it takes from one to one and a half hours for persons to reach their homes from the downtown section. I can give no better illustration of the seriousness of the present transportation problem with which we are faced in Toronto than to quote the following statement by the assistant general manager, Mr. H. W. Tate, which appeared in the *Globe and Mail* of October 21:

Creeping Cars
Yonge Trams on Horse Era Schedule

In the evening rush hour, street cars on Yonge Street are travelling within the limit that was set for Toronto's first horse-drawn street car in 1861, H. W. Tate, assistant general manager of the T.T.C. told the Empire Club yesterday.

When Toronto got its first horse-drawn car there was a stipulation that it should not exceed six miles per hour. "In 1949, on Yonge Street, in the rush hour, we are not exceeding that," Mr. Tate said. He added: "In the winter, the cars sometimes don't make it."

"The T.T.C.," he said, "has to turn out a good product or it cannot sell it. The product is car-miles and bus-miles. The present service on Yonge street," he said, "cannot be regarded as modern transportation.

When the Yonge Street line was rebuilt in 1921, North Toronto had a population of 12,000. Today, it has 80,000 and the northern suburbs have grown as well."

Since the rapid spreading-out of the city's population to homes in the outskirts and suburbs, Toronto has been continually expanding its transportation facilities in a vain effort to meet the ever-increasing strain, until now, in order to give its population efficient service to any worth-while extent, it is forced to commence the construction of a multimillion dollar subway. As well as transportation, though possibly to a lesser degree, other public services, such as schools, roads, sewers, water, et cetera, are also being seriously affected.

In the foregoing, Mr. Speaker, I have given some results of my survey of housing conditions today in Toronto, to support my belief that if we continue to follow the same building policy in solving a long-term housing shortage problem as when it was considered a wartime emergency, we will only be adding more problems, as severe as the one we are trying to cure.

The reason, of course, for the dearth of building in city centres is the lack of vacant land especially in the downtown sections. Yet, in order to provide housing within reasonable distance of employment for that large percentage of the population who work in our downtown areas, present accommodation must be increased. What is the solution? One, two or three storey dwellings will not provide it. The area is too small, the demand too great. There is only one answer—it can be met only by tearing down the old buildings and erecting modern, multi-storey, low-rental apartment projects.

The main objection raised to building in the downtown and central sections of the city is that property values are too high. To me this is one very good reason why the city cannot afford to have this valuable property occupied by slum type buildings of very low assessed value. Though the tenant is paying high rental, the city receives low taxes because they are only based on the value of the buildings. If these dwellings were replaced by apartments, ten to twelve storeys in height, the same land areas would thus house hundreds, rentals would be greatly multiplied and the city would receive the taxes it should from this valuable property. With so many people needing accommodation in this area, it is a crime to allow such valuable property to be occupied by so few.

If such projects were carried out, in addition to providing suitable dwellings for a large majority of those in need, they would also serve the purpose of commencing slum clearance.

It has been said that now is not the time to proceed with slum clearance, that this should wait till construction costs are lower. On the face of it this seems true were it not for the fact that the land now occupied by so-called slums is badly needed. If now is not the time to undertake large-scale building projects because of prevailing high building costs, it seems to me by the same token that it is not the time for the individual to be purchasing or building a home. I am informed that modern apartment projects, if properly planned and constructed, can be built at no greater cost per apartment unit than a single-family dwelling. When built in an area already developed, the costs involved are partially offset by the fact that all utilities and services, such as roads, sidewalks, sewers, water, et cetera, are already installed.

I believe every Canadian should be able to own his home if he so desires, and there are many who do; but I believe also that

there are just as many who neither require nor want a house. For many individuals and family groups the problem of shelter is not met by the single-family house, and apartment buildings providing living and housekeeping facilities best meet the need. Probable reasons for the trend towards apartments may be found in increased living costs, high taxation and in the changing pattern of living brought about by the influence of present-day civilization—smaller families, employment of both husband and wife, increased dining out, the radio, movies, automobile, child care in day nurseries and nursery schools, new methods of food and meal preparation. These and many other influences have wrought changes in people's living habits.

Apartments, properly built for light, air and view, equipped for housekeeping, varying in size and facilities and providing a wide degree of flexibility, can satisfy all requirements of urban and suburban living. For families with children the apartments can be arranged to contain sufficient space for fulfilling primary functions of household life—cooking, laundry, entertaining, reading, study, games, and outdoor recreation. Efficiency units, so-called, consisting of one room with kitchen, bathroom, dressing and storage space will provide an answer to the young married couple both of whom may work, or to unmarried individuals.

In facing a long-term housing problem I feel we should build wisely and well, keeping in mind the day when the demand for housing will fall off or when the supply will be greater than the demand. Well-constructed buildings, modernly equipped, centrally located, at low and moderate rentals, are always in demand in times of depression as well as in prosperity, whereas row after row of small single-family units on the outskirts are usually the first to lose their appeal when the supply of houses is plentiful.

And now, Mr. Speaker, I urge provincial and municipal authorities to grasp the hand of the federal government in accepting the financial aid so generously extended in the proposals laid down by the Minister of Reconstruction and Supply (Mr. Winters). I also urge that the aid to home owners should be merged with housing aid to that vast number of persons for whom the early development of multi-storey apartment projects is the only solution. We must face this problem with vision and courage now and so plan the future that urban and suburban housing aid shall go forward hand in hand.

Mr. F. D. Shaw (Red Deer): Mr. Speaker, my purpose in rising this evening is to deal exclusively with three or four matters which have been alluded to during the course of this budget debate. Were it not for the fact that certain rather fallacious arguments have been advanced, arguments bolstered by deceptive evidence resulting in wholly erroneous conclusions, I probably would not find it necessary to participate in the discussion at this time.

The first matter to which I should like to refer has to do with oil. Perhaps this could be designated more properly as the farmer in relation to oil, or still more properly as mineral rights in relation to the farmers of my province of Alberta. At least two assertions have been made during the course of this debate which may well leave the impression that farmers living in the province of Alberta are, as a consequence of the policies of the government of that province, being deprived of all but, as one hon. member said, a smile and not a very pleasant one. I should like to quote from page 1122 of *Hansard* of October 25, 1949. Speaking at that time the hon. member for Athabaska (Mr. Dechene) made this assertion:

> The other day a few hundred acres of land in Alberta were sold to one of the oil companies for over $3 million cold cash for just the right to search. No oil had yet been found there. What did the farmer who owned the land get? A smile, and not a very pleasant one.

In the first place no land was sold to any oil company. The company only purchased drilling rights. Secondly, I emphasize what he said, namely, that no oil had yet been found. This is the speech in which the hon. member for Athabaska made an earnest plea for the completion of a certain line of railroad in northern Alberta. In that connection the hon. member for Athabaska has our whole-hearted support. This is the speech in which the hon. member assailed the Conservative government under the late R. B. Bennett for having discontinued operations on that line during the first five years of the depression. After assailing the government of that period he said that then the war came. This is the speech in which he forgot to mention that there were four years and some months of depression between the defeat of the Conservative government and the outbreak of the war with a Liberal government in office, and nothing was done to hasten the completion of that railroad. I mention that simply because he forgot to—or did he?

I should also like to quote from *Hansard* of November 1, 1949, page 1329. In this instance the hon. member for Vegreville (Mr. Decore) was speaking, and he said:

> The farmers upon whose land oil is discovered receive little direct benefit from the discovery because few of them have mineral rights. All that

these farmers receive is the rancid smell of oil twenty-four hours a day, seven days a week, plus a little compensation for the use of their land.

I suggest to the hon. member for Athabaska and the hon. member for Vegreville that they ought to hold a caucus and endeavour to come to some agreement with respect to what the farmer in Alberta does or does not get because in one instance the hon. member for Athabaska said he got nothing but a smile, and not a very pleasant one at that, and in the other instance the hon. member for Vegreville said he got some slight compensation, including the rancid smell of oil. I will show that they are both wrong.

What are the facts, Mr. Speaker? After all, facts mean far more than the imaginary wanderings of some minds. When the resources were returned to the province of Alberta in the early thirties, 51 per cent of such resources had already been alienated by the government of Canada. Therefore the province of Alberta only had 49 per cent to deal with. The government of the province of Alberta owns the mineral rights on considerable land in the province. That is a fact. It is also a fact that certain farmers own mineral rights on their lands in the province. On lands where the province owns the mineral rights, drilling rights are sold to oil companies. Tenders are called for and bids considered. It is a fact that millions of dollars have gone into the public treasury of the province as a consequence of the sale of these rights. The company drills, and if it strikes oil 12½ per cent of all production goes into the treasury of the province of Alberta. To be used for what purpose? To be used for the welfare of all the people of the province of Alberta to build roads, to provide better and more extensive health services, to provide educational services, for debt reduction, tax reduction, and also for other purposes.

Where does the farmer stand who does not own the mineral rights? Is it true that he gets nothing but a smile, and not a pleasant one, or very limited compensation? I wish to refer to some of the facts as they are found in an official publication of the government of the province, entitled "Surface Rights". The part to which I wish to refer reads:

> Under the common law which was in force for many years in Alberta, as well as other provinces of the dominion, the title to mines and minerals always included the right of entry and reasonable use of the surface for the purpose of working the minerals, including oil and gas. The owner of minerals had a vested right to use as much of the surface as might be required for his operations without any compensation to the surface owner or without liability except for negligence. In carrying out a program of oil development, which is so necessary in any country, provision must be made in the public interest whereby those engaged in the development might enter upon the land where development work is to be undertaken. However, the government—

Referring to the government of the province of Alberta.

> —is convinced that the owner of the surface is entitled to full compensation as he would be in case a canal, a railway, a highway, a power line, a coal mine or any other thing required in the public interest would cause him any damage or inconvenience.

In 1947, Mr. Speaker, an act known as the Right of Entry Arbitration Act was passed which provided for the setting up of a board of arbitration in the province of Alberta with wide powers to deal with the matter of compensation to surface owners. What factors are taken into consideration by that board? They are, first, the value of the land; second, the amount of land which may be permanently damaged by the operator's operations; third, the adverse effect of the right of entry on the remaining land; fourth, compensation for severance; fifth, compensation for the nuisance, inconvenience and noise which may be caused by or arise from or in connection with the operations; and finally such other factors as the board may from time to time deem proper, relevant or applicable.

This legislation shows one thing. It demonstrates the intention and desire of the government of Alberta to give the board of arbitration all necessary leeway to deal with applications from the standpoint of equity and justice. Let me cite five cases that were dealt with by the board of arbitration in order that we may see whether the farmer gets just a smile, and not a very pleasant one, or something comparable. This is the first case: payment for one well, $1,188, plus annual compensation of $420 for the life of the well. Case No. 2: $1,288 as the first payment, and $428.50 every year thereafter for the life of the well. Case No. 3: $1,551 as the first payment, and $461 every year thereafter, in each case for one well. Case No. 4: $1,400, with $500 payable every year thereafter for the life of the well. Case No. 5: $2,000 the first year, with $700 per year thereafter for the entire life of the well. From the information I have given it will be readily seen that from a quarter section of land on which four wells are drilled—and that is not at all uncommon—the farmer would receive an average of approximately $6,000 the first year and $2,000 for every year the wells operate, which might be twenty years. The farmer also enjoys the right to continue to farm his land during that time. After all, once a well is brought in, very little of the farm is taken out of production. As the hon. member for Peace River (Mr. Low) says, it amounts to only a few

square feet. And I must emphasize that these are cases in which the farmer does not hold the mineral rights.

Further in his speech the hon. member for Athabaska (Mr. Dechene) advocated that all farmers on whose land oil is found should be paid royalties. I think the Calgary *Albertan,* which supported the Liberal party with all its vigour during the last campaign, dealt more effectively than I could with that suggestion. I refer to an editorial under date of October 28 of this year, under the heading, "Don't Pension a Few Northern Farmers." The editorial states:

> It is unfortunate that a man of the stature of Mr. J. M. Dechene, Liberal M.P. for Athabaska in northern Alberta, should be so far off the beam on this matter of oil royalties. In parliament, the other day, he said the oil belonged "to the people, not to the provincial government," and the provincial government should give a big slice of its royalty income (he suggested 5 of the 12½ per cent) to the farmer under whose land the oil was found. He wanted something done "to see that the farmer out of whose land this wealth is taken receives a royalty."
>
> Except on C.P.R., Hudson's Bay and certain other freehold land, the great bulk of the oil is owned by the provincial government, which is all the people of Alberta. The farmer who owns the surface has no more right to the oil under his land than the farmer who lives three hundred miles away. It is not his. It belongs to the government and thus to all the people. If the government gives him a slice of its 12½ per cent royalty it is depriving all the other rightful owners of their just income. It is robbing 99·9 per cent of the farmers to give a modest and entirely undeserved fortune to ·1 per cent of the farmers.
>
> The only way that the real owners, meaning all the citizens of Alberta, can benefit from their ownership is through the provincial government. It is taking many millions of dollars a year out of the oil industry, and rightly so. That money can be used to permit the reduction of taxes, which we strongly oppose. Or it can be used first to pay off the provincial debt and then to build roads, schools, hospitals and other capital assets which all the people of Alberta could enjoy. That use of the oil money we strongly support. But never, never should the province use its royalty to pension off a few farmers in Mr. Dechene's constituency, who have no more right to it than anybody else in the province.

I think that editorial is rather significant. I must add that the Liberals in Alberta are finding it desperately difficult to make election issues. Why, they even grabbed this, which the C.C.F. leader could not drop soon enough after he had picked it up the first time. The Liberals are using this and endeavouring to make capital out of it. The other day that same newspaper, the *Albertan,* dealt with the Liberal leader in Alberta and his criticism of oil policy. First it deflated him editorially; after deflating him it dissected his arguments, and then exposed them to the ridicule of the public of that province. That was how it dealt with Mr. Harper Prowse, leader of the Liberals in the province of Alberta.

The government of my province believes that in dealing with this most important question sense, reason, good judgment and good business practices are the things that count. Obviously to the Liberals of that province these things, at any rate in relation to oil, have all gone with the wind. Before leaving this matter I want to refer to another editorial, which also appeared in the *Albertan.* I am always pleased to be able to quote that newspaper to Liberals, because I cannot forget how strongly it supported them during the last campaign. An editorial under date of October 25, referring to Liberalism and oil, had this to say in part:

> It was during the Borden administration, when the Alberta government was Liberal and so was the Senate. The Alberta government, it seems, wanted to give the Shell Oil Company exclusive oil rights for the whole province in return for a payment of $5,000. But it didn't have the power to do so, so it asked the federal government to give it that power. The enabling legislation went through the commons but the Senate turned it down.

So, Mr. Speaker, when it comes to condemning whatever may be done in the province of Alberta in connection with oil, such condemnation should not be voiced by the Liberals.

Now I come to matter No. 2. The day before yesterday, November 1, a certain textbook was brought into this house. I did not see the book, but I know all about it. It is called "The World of Today", by Paterson and McDougall, and has been used in the province of Alberta. Incidentally, this matter is not new in the House of Commons. It was brought into this house over eight and a half years ago by the hon. member for Athabaska, who used almost the same arguments that were used the day before yesterday and drew the same fallacious conclusions. Eight and a half years ago, Mr. Speaker, my colleague from Lethbridge took these arguments and buried them about six feet deep under logic and truth. Now, eight and a half years later the hon. member for Vegreville (Mr. Decore), in a politically ghoulish fashion, exhumes the bones of that argument and makes an effort to cloak them with the same arguments that killed the thing eight and a half years ago, leaving the same type of impression—at least, first he tried to breathe life into the thing and failed miserably.

Some hon. Members: Oh, no.

Mr. Shaw: All right, I will deal with it. I am going to deal with it not from the standpoint of what he said, but from the standpoint of what he did not say, which is often more important. He did not tell this house that Mr. Paterson was the editor of the Ryerson Press in Toronto, or that Mr. McDougall

was principal of the normal practice school in Edmonton. No, he wanted to leave the impression that the writers were probably members of the Alberta government. He did not inform this house, and I ask my friends to listen, that Saskatchewan, under a Liberal government and with a Liberal minister of education, used the same textbooks for years. He did not indicate that, Mr. Speaker. Undoubtedly, he did not know—or did he?

This is significant. At page 1329 of *Hansard*, after referring to this book, he quoted the following from it:

> Some people feel—

Notice that.

> Some people feel that the capitalist (competitive) system is out of date in this modern world, and should be modified or replaced entirely by a system better fitted to deal with the problems of today. Three of these plans are especially interesting: The Communist (as in Russia), the C.C.F., and Social Credit.

He referred to this book after saying he did not mind having his children learn about these different things, but that it was vicious propaganda. I would ask my hon. friend if it is not a fact that some people do feel, as it says here, that there are alternatives to the capitalist or competitive system. You have heard that said in this house. I cannot see anything vicious in that. Like my hon. friend, I taught school for many years. I tried to give my pupils both sides of the question. I told them there are some people who believe there are alternatives to the capitalist system. I gave them the truth, the whole truth, and let them form their own opinions. What he did not seem to know, Mr. Speaker, or it would have wrecked his whole argument, is that Social Crediters have not advocated the implementation of a system to take the place of the capitalist or competitive system, if you want to call it that. Let him remember that. I repeat that he does not seem to realize that there are two sides to every question, not only here but in all events of our everyday life. I am not so sure that I would want him to teach my children if he were going to deal with only that one side of each question.

Reference was also made, Mr. Speaker, to education. No group in this House of Commons has taken a firmer stand than we have in support of federal grants in aid to assist the provinces in establishing equality of opportunity in the field of education. Let me make that quite clear. The hon. member for Vegreville said at page 1329 of *Hansard*:

> In our province of Alberta there is no earthly excuse for the government not making more substantial grants to education which would be in keeping with the requirements and the expanding needs in that province.

Obviously, in making that statement, the member for Vegreville was not aware of one

or two things. First, from the fiscal year 1934-35 to 1948-49, educational grants in the province of Alberta increased from $2,269,-286.41 to $9,829,000. In other words, our assistance to education has increased much more rapidly than has the income of the province of Alberta. In order to assist in the equalization of educational opportunity in my province, the government, in many districts, is paying as high as eighty-five per cent of the cost of education. Those are the more remote, less prosperous areas. That is one effective method of bringing about equalization of educational opportunity.

We realize, Mr. Speaker, and admit that the revenues of our province have increased quite rapidly during these past few years. But we believe in facing the situation realistically. We are not unmindful of the fact that the present government of Alberta took over the affairs of the province in 1935. At that time we had $158 million of debt; $95 million of it given by the Liberal government between 1905 and 1921. It is that period which the Bank of Canada characterized in its 1937 report as the period of waste, extravagance and loose administration. The farmer government of that province gave us another $63 million in debt. Of course, $51 million of our total debt accumulated as a consequence of the depression—a depression which we feel justified in attributing, at least in part, to some of the asinine financial policies of the dominion government.

The government of the province of Alberta realizes what a good many Liberals do not seem to realize, namely, that the gas and oil resources are a wasting asset. I think that should be underlined. It is quite conceivable that within forty years the oil and gas fields in my province may be completely depleted. All one has to do is look at what has happened in Turner valley to visualize what could occur in my province, if the government were to heed those who have neither vision nor good business judgment and load the budget with a burden of fixed charges right up to the level of revenues. I ask some of our critics to consider that. If that were done and, after forty or fifty years, the revenues were down or falling materially, it would leave the province with that burden of fixed charges and nothing with which to pay them. The government of Alberta wisely takes the stand that a portion of the present income from gas and oil must be used to create other assets which will be well enough developed at the end of forty years to enable the services of the province to be carried on uninterrupted. With the depletion of these oil and gas fields the revenues would go, Mr. Speaker. That, I contend, in the field

of provincial or any other administration, is nothing but vision and good business practice.

We have heard in this house, in the province of Alberta, and from the Liberal leader and his followers, that we should pile up a burden of fixed charges by utilizing the resources which we have now in their entirety for current activities within that province. Well, I say to you that we contend vision has been displayed in dealing with the matter. We have increased the grants to education in the province by almost five times. We still say, however,—and this is in keeping with part of my hon. friend's remarks—that we must have federal grants in aid in order to assist in the equalization of educational opportunity across this country.

There is another matter to which I should like to refer, Mr. Speaker. In a speech on Tuesday, the hon. member for Vegreville (Mr. Decore) made reference to something which I had said previously in the House of Commons, as reported at page 1330 of *Hansard*. I would not refer to it at all of course if it were not almost laughable. I quote:

> However, I have heard of expressions coming from some of my Social Credit friends—and when I say some of them, I mean just some of them—

Of course he should have named me.

> —to the effect that my election to this house was made possible by the communist vote of the Vegreville constituency, and I intend to deal with this matter. The insinuations are quite clear, Mr. Speaker.

I interject here to say that he is wrong. There were no insinuations. I made cold, blunt, hard statements that were true. There were no insinuations. I continue with the quotation:

> Such statements cast a reflection not only on the nine thousand people who voted for me in the election of June 27 but also on all the people in that constituency, numbering some 60,000.

Now, Mr. Speaker, you notice what he has endeavoured to do. He has endeavoured to take my assertions and portray them as a reflection upon the 60,000 people in his riding. Out west we call that buncombe. He did not take the figures which I gave in this house in my last speech and endeavour to break them down or destroy them at all. I know that Vegreville constituency. I know that it embraces a fine part of the province of Alberta. I know its people. Thousands of these people are good citizens, energetic, sincere, honest, one hundred per cent Canadians. The hon. member's statement to the press on October 6 to the contrary notwithstanding, I know these things from personal experience.

Notwithstanding the fact that the great majority of these people are as I have described them, there are, and he cannot deny it, between three thousand and four thousand communists within his riding. And whether these communists are of Anglo-Saxon, French or Ukrainian origin, they are still communists. They are traitors to democracy and traitors to the democratic concept of human organization. The hon. member did not in any way, shape or form refute the concrete evidence which I put on the record, Mr. Speaker.

I hold in my hand a circular which was circulated by the thousands in the Vegreville constituency during the last election. This circular is headed:

> Voters of Vegreville Constituency!
>
> On election day, June 27, you will need to make a choice. On that day you will be marking your ballot for the man you want to represent you in the House of Commons for the next four years. You will be judged throughout the country by the man you choose.

After a vicious attack upon the former member for Vegreville, Mr. Hlynka, they went on to say:

> The Labour-Progressive party calls on the people of Vegreville to defeat Anthony Hlynka on June 27. Vote against him! Put him out of office! Send this war-mongering, pro-fascist back where he belongs!

Then they go on to show that they have no love whatsoever for the Liberal party. They say:

> The Labour-Progressive party is campaigning in every constituency for peace, democracy and security. In Vegreville constituency we decided not to nominate a candidate in this election. We decided this because we do not want to split democratic opinion in the constituency as then Hlynka might get back in. We say to all voters in Vegreville: Stand united! Vote united! Defeat your main enemy—Hlynka.
>
> We greet the decision of the C.C.F. to also not contest this constituency. We urge all C.C.F. supporters to actively campaign against Hlynka and to help defeat him.
>
> Go to the polls on Monday, June 27, and vote against Hlynka!

There were and there are between three and four thousand communist supporters—

Mr. Cote (Matapedia-Matane): Hear, hear.

Mr. Low: The hon. member should live in Vegreville.

Mr. Shaw: —in Vegreville. Since I spoke in the house in reference to this matter I have had scores and scores of letters from that constituency confirming what I had said before.

I asked specifically if there were any evidence to indicate that the Liberal candidate condemned this or whether he said publicly that he did not want their support, and to date I have not been able to get any evidence of that. He may be able to present it, but it is most significant that up to the present time he has not produced any such evidence.

In his speech the hon. member made certain references to such things as, for example: in 1938 in Alberta our candidate at that time who was elected, Mr. Orvis Kennedy, thanked Jan Lakeman, the communist chief, in the province of Alberta, for his support. When the hon. member for Peace River (Mr. Low) undertook to pin him down on that and produce his evidence he found it utterly impossible to do so. In fact, the hon. member for Peace River even went so far as to question his honesty in connection with it and still he could not produce one iota of evidence to back up his assertion.

In the early days of our movement, that is in its infancy, it is conceivable that a few communists may have wormed their way in, but it did not take any more than a good political delousing to get rid of them. What the Liberal party needs in certain parts of its organization today is a complete political delousing to get rid of the communists. They can make their insinuations on the floor of the House of Commons, but I ask any Liberal in this house if he can produce evidence of propaganda published by the Social Credit party containing the pictures of communist leaders. I have in front of me propaganda published and distributed within the last six years under the authority of the Liberal association containing the pictures of some of Canada's outstanding communists. That occurred within recent times. Is it any wonder, Mr. Speaker, we say that at least in certain quarters of the Liberal party a good political delousing would do them a lot of good in order to get rid of the communists, who are still within certain sections of that organization.

Mr. Deputy Speaker: I am sorry to interrupt the hon. member but his time has expired.

Some hon. Members: Go ahead.

Mr. Deputy Speaker: Has the hon. member the unanimous consent of the house to continue?

Some hon. Members: No.

Mr. Shaw: Mr. Speaker, I know I have not the unanimous consent of the house. Actually I did not expect it from some hon. members; therefore I shall not impose upon the house.

Mr. J. W. Noseworthy (York South): Mr. Speaker, in his remarks on Friday, October 26, as recorded at page 1223 of *Hansard*, the Prime Minister (Mr. St. Laurent) indicated that hon. members interested in the subject of education could discuss it in this debate. I am going to follow his suggestion, and shall take a rather unusual line for one who is not a member of the government party. I suspect that much of what I shall say tonight will be used against me at some future time in York South. Nevertheless I am interested in education in Canada, and in order to lay that ghost of suspicion which is abroad, that the federal government dare not touch education without stepping on provincial corns, I propose tonight briefly to review the extent to which the federal government is involved in educational work at the present time.

First of all, I am sorry the Minister of Labour (Mr. Mitchell) is not in the house. It is not often I can compliment him; but I wish to pay tribute to him and to his assistants for the good educational work carried on by the Department of Labour under the Vocational Training Co-ordination Act of 1942. The minister and his assistants deserve high commendation for their administration of that act, and particularly I suggest for the great measure of co-operation with the provincial departments of education they have been able to develop and maintain.

The vocational training branch of the Department of Labour from 1937 to March 10, 1948, has had an enrolment of approximately 918,000 students, young and old, and during that period has spent approximately $65 million of federal money on vocational education in Canada at the secondary school and university level. That money has been spent to assist students at the universities, to assist unemployed youth training in the country, to provide courses in forestry, to provide vocational training for the armed forces during the war, training for war industry during the war, pre-matriculation and vocational courses for veterans, apprenticeship training and training or re-training of older unemployed.

All this educational work, even that for which the federal government itself was directly responsible, has been carried on in the very closest co-operation with the provincial departments of education. I note in the Canadian vocational training report that an agreement known as the vocational schools assistance agreement was made with the provinces in 1945, and that it provides, first, an outright annual grant of $10,000 to each province; second, an annual grant of $1,910,000 for a ten-year period to be allotted among the provinces; and, third, a dominion contribution of $10 million to be allotted among the provinces for capital expenditures on building and equipment for vocational training purposes.

All projects which were to be assisted under that agreement were to be approved by the minister before April 1, 1948. I wish now to quote a paragraph from the vocational training report for the past year, which states:

> At the meeting of the vocational training advisory council which was held on October 4, 1948, various members drew attention to the fact that increased

costs for new buildings and higher operational costs of vocational schools, have reduced the value of the grants which were provided under the vocational schools assistance agreement.

The availability of dominion funds has given a notable impetus to vocational education in Canada, and has been responsible for an active program of development in practically all provinces. Many projects have not been completed, and some have not even been commenced.

The council felt it was in the interests of Canada that facilities for vocational education should be strengthened and developed as speedily as possible. It is recommended that a further grant of $5 million be made by the dominion for capital expenditures, to be distributed on the same basis as the earlier capital grant, and that the annual grants be increased from $2 million to $4 million.

Then the report goes on to say:

As of March 31 these recommendations were still under consideration.

I submit that that recommendation of the advisory council is worth special consideration at this time, and I would urge the Minister of Labour to proceed immediately with the implementation of his council's recommendation. Let me give one example, one with which I am most familiar because it pertains to my own riding of York South.

In York South, with a population of well over 100,000 people, we have three collegiate institutes, but no technical school. Today there are well over a thousand pupils in that riding wanting technical education, but none is available. The school board had planned to build a vocational school which would accommodate a thousand pupils, provided a federal grant is available. Unfortunately they were unable to complete their plans so as to get under the wire by April 1, 1948. In any case I understand the $10 million had all been allotted for approved projects before that. So, without federal assistance, York township will be forced to build a school to accommodate 600 pupils instead of 1,000, a school with one gymnasium instead of two, a school of that size without any auditorium.

This is just one example of many such cases throughout Canada. Unless the government will act and act quickly thousands of young people will be deprived of the opportunity for vocational education. This is not a matter in which we can afford any delay. Young people want education now; they do not want to have to wait three or four years while the government is getting around to the consideration of one of its own council's recommendations.

I pass now from the Department of Labour to the Department of Veterans Affairs in order to show just how deeply the federal government is already involved in education. Up to September 30, 1949, the Department of Veterans Affairs had assisted 55,260 veterans in under-graduate courses at universities, 6,000 in post-graduate courses, and another 85,900 veterans in vocational training at the secondary school level, making a total of 147,160 veterans who have received allowances and tuition from that department.

That is no slight contribution to education on the part of a government which normally is supposed to be keeping out of education entirely. The Department of Veterans Affairs paid $116,685,595 in allowances, over $30 million in tuition fees and nearly $15 million in supplementary grants to universities to compensate the universities for the difference between the payment of fees and the cost of educating these veterans.

I should like to digress for a few moments to say that since coming to this house I have had occasion to refer to the Minister of Veterans Affairs (Mr. Gregg) and his superintendent of educational training, Mr. Jamieson, a considerable number of individual cases. In my opinion both the minister and the superintendent are handicapped by narrow, rigid regulations that I certainly would have opposed to the best of my ability on the floor of this house had I been here when they first came into effect. Nevertheless, I want to add that, subject to those overriding regulations, every single educational case that I have referred to the minister and his superintendent has received the most sympathetic consideration possible. I am pleased to say that in several cases, notwithstanding the limitations of ironclad regulations, ways and means of assisting students have been discovered.

I turn now briefly to the Department of National Defence. I have been unable to put a price tag on the educational work done by that department, but reference to their report for the current fiscal year shows that during last year there were 4,119 army, navy and air force personnel taking undergraduate and post-graduate courses in thirty colleges and universities in Canada and in twelve colleges and universities outside Canada.

I should like to take a few moments of my time to refer to the educational work that was carried on by the Canadian Legion educational services during the war, and is still being carried on by that organization. I have been unable to get any figures to show the extent of their work overseas during the war, but in Canada and Newfoundland during the war years the C.L.E.S. had an enrolment of 215,818 in their correspondence courses and spent $3,130,941. In addition to those correspondence courses, there were nearly half a million members of the armed forces registered in the oral classes that were conducted by the C.L.E.S.

This same organization purchased in Canada for distribution among the forces in Canada

and Newfoundland over 3 million library books and carried on 92 courses of study at the matriculation and university levels. One remarkable feature of the work of that organization is the fact that they were able to get the co-operation of the departments of education of all the ten provinces. More than that, every department of education in Canada accepted their certificates of achievement and every university in Canada accepted their senior matriculation certificates for university entrance. I am told that up to the present time there are approximately 11,000 veterans in veterans' institutions, in the federal civil service, and elsewhere who are still taking courses of the Canadian Legion educational services.

Another department involved in educational work is the Department of National Health and Welfare. In 1946 that department appropriated $100,000 for the provision of scholarships and the extension of educational facilities in the seven schools of social work in Canada. For some mysterious reason, I presume known only to that still more mysterious body known as the treasury board, that amount was reduced in 1947-48 to $50,000, and it still stands at that figure. The result is that practically the entire grant has been used for the extension of school facilities and practically none is available for scholarships. I am sure that everyone interested in education in Canada, except possibly the treasury board, is anxious to see that $50,000 raised to the original $100,000 in the next estimates.

The national research council has also given direct aid to education. When that council was set up in 1916 one of the first things it did was to set aside $5,500 of its appropriation for research into medicine and pure science. Over the years that amount has been gradually increased until in 1948 there were 178 scholarships provided by the national research council of a value of $160,150. In addition to that there were grants in aid paid to 17 universities and educational institutions to the value of well over $200,000.

The Department of Trade and Commerce, through the bureau of statistics and especially through the education division of that bureau, has been making its contribution to education. It is true that in the educational field the dominion bureau of statistics unfortunately is limited by its charter to the compilation of educational statistics, but even that in itself is of immense interest to education across Canada. Only in the publications of that branch can we find educational statistics from all the provinces brought together and properly correlated.

I want to repeat the plea that I made in this house over five years ago. It is high time that we had in Canada a federal education office that would do for Canadian education what the federal office in Washington does for education in that country. I believe that the charter of the education branch of the dominion bureau of statistics should be broadened and that sufficient help should be provided in order that that division may be able to do some of the things that need to be done, things that are either not being done at all or are being done in a haphazard fashion by volunteer organizations.

For instance, there is the whole field of research in education for the benefit of the country at large. It is true that the provinces are carrying on a great deal of educational research, but there is no federal agency in that field. I understand that the Canadian Life Insurance Officers' Association have been spending about $10,000 a year for the past few years in research on school health projects. My information is that that will be discontinued this year. Here is a field of research that will pay national dividends in the future and such a project should not have to rely on private and public campaigns for funds to carry on.

There is another research project being carried on through the co-operation and support of the Canadian Manufacturers Association, the Canadian Chamber of Commerce and the labour congresses. This is a project the purpose of which is to discover to what extent our schools are giving the training best suited to the needs of our communities. If we had a federal bureau of research in education, projects such as these could be carried out for the benefit of the nation, and the research work that is done by the provinces could be correlated and made available for the use of educationists all across the country. We need a federal institution for educational guidance. Most of the schools in the larger centres have educational guidance officers, but educational guidance officers should have a knowledge of, and be able to benefit by, the experience and the data collected by the employment offices all over Canada. Educational guidance today cannot be successfully carried on within the limits of any one province.

We no longer educate boys and girls to remain citizens of any one province. At least one out of every three students educated in our provinces earns a living in a different province from that in which he or she was born and educated. We need some agency that will compile and keep up to date the vast number of government publications which could be of inestimable value to the schools of the nation if only teachers knew what these publications were, and how and where to get them. These publications, valuable as many of them are, are left to gather dust in some back office or storeroom

just because we have no agency to provide us with a list of the material of that nature that could be made available for use in our schools. There is no list available today of all the educational institutions in Canada. Guidance officers have been asking for such a list. Nowhere today can you get a complete list of all the educational institutions. I suggest that is a job for an office such as the educational branch of the dominion bureau of statistics. It is impossible today to find a list of what scholarships are available. Pupils have a knowledge of the scholarships established by their own schools or their own communities. It is impossible for a student in any one school to know even what scholarships are available within his province. There is no way in which a student can find out what scholarships are available throughout Canada for which he could compete. I suggest that is another job that could be done by the educational branch of the dominion bureau of statistics.

I want to turn for a few moments to the Canadian Broadcasting Corporation. I have not time to deal at any length with what I consider to be some of the excellent features of its programs. If I had an hour instead of forty minutes in which to make my speech I could really inform Liberal members of the house of just what a good job the C.B.C. is doing on a very small budget. I want to mention—and again I regret I have not time to develop the subject at any length—the educational work that is being done by the national film board. I want to refer to one paragraph from my prepared speech that has a particular connection with schools. The board maintains a complete visual aid service for schools, including films, film strips, glass slides, flat pictures and posters, and I am told that these aids are used in most Canadian schools. There are more than one thousand schools in Ontario alone making use of them. Some idea of the extent of their work may be gathered from the fact that in ten years the film board has produced approximately 2,500 films, and has established a film library of more than 400 films in French and English. They have assisted in setting up 250 film councils and film libraries. There is a regular monthly showing of Canadian documentary films in some 500 theatres. The motion picture association of Canada estimates that in 1948 the national film board Canadian newsreel audience totalled 60 million people, and about 320 million in the United States.

I have not time to touch on the educational work that is being done by such organizations as the national museum where I understand about two-thirds of the exhibits have to be kept in the basement because of lack of space. Nor have I time to deal with the national art gallery where again over half the pictures in their possession have to be stored in back rooms and basements because of lack of space to display them.

In the few minutes remaining at my disposal I want to turn to the broader issue of federal aid for education at every level. I submit there is now no question whatever about the feasibility of federal aid for education without interference with provincial rights. Two departments of the federal government have spent well over a quarter of a billion dollars in the past ten years on vocational education at the secondary school and university level. There has been no friction with the provincial governments on this score. The federal government has spent nearly $162 million in educating veterans. This work is now nearing completion, and the government will not be required any longer to spend these millions of dollars on their education. I submit that millions should now be available for aid to education within the provincially controlled schools of the nation.

For 1946 the total cost of provincially controlled schools in Canada was $186 million. An annual federal grant of $50 million to be allotted among the provinces would give education in Canada possibly the greatest fillip it has ever received with the exception of the educational work that was done in the forces during the war. That certainly would bring us closer to a realization of equal educational opportunity for all Canadian children; and that opportunity, I submit, should be limited only by the ability of the student to profit by it and the ability of the nation to provide it.

So I do urge the Prime Minister (Mr. St. Laurent) to include on the agenda for the dominion-provincial conference to be held in January the question of co-operation between the federal and provincial governments in the matter of federal aid to education, thereby providing wider educational opportunities for more Canadian boys and girls. As I have said, no longer can there be any question of the willingness of provincial governments to accept federal aid for education, nor is there any question of their readiness to co-operate with the federal government in the administration and use of such aid for the benefit of those who are to be educated.

There can be no question as to the lack of equal educational opportunity in Canadian schools. Municipal and provincial governments, with the ever-increasing financial burdens which our constitution lays upon their doorstep, can no longer meet the educational requirements of our youth. Educational facilities vary as between province and province and even as between municipality and municipality within the same province. The

educational opportunities available to a Canadian boy or girl today depend to a large extent upon the chance of being born and educated in one of our wealthier municipalities or provinces. That principle, I submit, is wrong, but it can be remedied only by aid for education given from the federal treasury to the provinces.

The inequalities of educational opportunity in Canada are ably set forth in a brief prepared by the Canadian teachers' federation, from which I should like to quote briefly in conclusion. In that brief, which was presented to the members of the cabinet last spring, they ask:

> Is the government aware of the following facts?
>
> (1) That one out of every ten persons engaged in teaching Canadian children holds only a permit or temporary certificate, i.e. without the minimum professional qualifications normally demanded.
>
> (2) That the children of Canadians living in rural areas depend for their education upon the teachers whose services are purchased at an average salary of $1,207, whereas city children are taught by those with an average salary of $2,120. (Quebec not included in these averages because the figures are not available.)
>
> (3) That rural teachers are a transient group, the majority moving from one school to another (or out of teaching altogether) every two years or less, whereas the average tenure for teachers in urban schools is ten years.
>
> (4) That the latest available table (1947) showing median salaries reflects to a considerable degree the qualifications of teachers and gives some indication of the geographical differential in the matter of educational opportunity.
>
> Median salaries—1947
>
> | | |
> |---|---|
> | Prince Edward Island | $ 816 |
> | Nova Scotia | 1,241 |
> | New Brunswick | 977 |
> | Ontario | 1,514 |
> | Manitoba | 1,304 |
> | Saskatchewan | 1,265 |
> | Alberta | 1,546 |
> | British Columbia | 2,042 |
>
> (5) That despite the return of male teachers from the armed services, at the end of 1947 there were 1,700 fewer than in 1939.
>
> (6) That as of April, 1948, approximately 22,000 pupils in two provinces were receiving their education through correspondence courses because of the lack of teachers.
>
> (7) That 31 per cent of the teachers of one province and only 2 per cent of another are university graduates.

These statements are much more eloquent than I could possibly be with respect to the need for consideration at the next dominion-provincial conference of the question of federal aid to education.

Mr. C. E. Johnston (Bow River): Mr. Speaker, in taking part in this debate I intend to deal with only one or two subjects, since it is not necessary for me to review at any length those important matters already dealt with by other members of the Social Credit party. The hon. member for Battle River (Mr. Fair) dealt most effectively with the agricultural problems of this country, and it is not necessary for me to repeat his arguments because he expressed the views of this party. The hon. member for Acadia (Mr. Quelch) ably dealt with the problems of foreign trade, pointing out the difficulties and suggesting remedies, and I need not discuss that matter.

I want to deal with a domestic matter which is becoming increasingly important. The hon. member for Acadia dealt with the condition of our trade relations with foreign countries, but that is not the only trade condition which is bad, or which is affecting this country. Some of our industrial concerns are facing trying times, entirely because of the policies of this government. Only the other day I saw a clipping from a United States publication, *American Business*, in which it was prophesied that by the end of 1951 over sixty per cent of the small businesses which had been started since the war, principally by returned men, would face failure. That is unfortunate because these men have invested their entire savings in these businesses, hoping to be able to make something of their lives after having fought in the war. It is interesting to note that I am not the only one concerned over the failure of businesses in this country. The other evening the hon. member for Hastings-Peterborough (Mr. White) described the situation which exists in his constituency and the adjoining riding. The hon. member for Lanark (Mr. Blair) also dealt with the situation in his constituency. Both hon. members referred to textile and woollen industries, which they said were laying off workers as a result of the devaluation policy of this government. But the matter of devaluation should be considered very carefully by the Conservative party, I think. Even before the Liberal party decided to devalue the dollar, the Conservative party had advocated the lowering of it. In the house tonight, the leader of the Progressive Conservative party reiterated his stand on that matter. I do not mention that in any spirit of criticism of the old line parties; I mention it to point out that this condition which exists in some of our industries and in the two constituencies to which I just referred is a condition which is brought about by the policies of this government as well as by the policies or suggestions of the Conservative party.

When the question of devaluation was brought up in the house, the Social Credit party opposed it. You will recall that back in 1945, when the Bretton Woods agreement was considered by this house, it was followed by the Geneva and Havana trade agreements. The results of these trade agreements are the

very conditions about which we are complaining today. The Conservative party, which is complaining about the deterioration in business and the closing up of factories, advocated those policies which have resulted in these conditions. The Conservatives supported the Liberal party on the Bretton Woods, Geneva and Havana trade agreements and those are the things that are causing the difficulties today. I think it would be well worth while if everyone in this house seriously considered the policies we are pursuing today, lest they have greater repercussions than those we have mentioned.

There is another industry, too, which needs a little attention. It is not only the industries in the constituencies to which reference has already been made that need attention, but in western Canada there is a business that is threatened with closing as a result of the policies of this government. It is the potteries at Medicine Hat in which two hundred and eighty people were employed, two hundred and thirty of whom have been laid off. I have just been handed the Medicine Hat *News*, which speaks about this very plant under the heading "Alberta Cabinet Hears Problem of Medalta Workers." This article is contained in the Medicine Hat *News* of Monday, October 31, 1949. It says:

> The layoff developed a week ago as a result of devaluation of the pound sterling which resulted in eastern markets being offered British hotel and restaurant ware at twenty per cent under Canadian prices. Medalta is the largest Canadian manufacturer of this particular line, eighty per cent of its production being hotel ware.
>
> It was forced to close production on all but a few special decorated lines, 230 of the total work force of 280 being laid off. On Friday some forty persons were called back to work with receipt of a large C.N.R. order. This staff is still on the job with no prospect of any greater increase in employment.

That is just another case in another part of Canada in which we find a failure in business due to the policies of this government.

Still further west, there is another industry which is facing grave difficulties. It was not more than two weeks ago, Mr. Speaker, that I had in my office a man engaged in the shipbuilding industry on the west coast. He pointed out some of the difficulties facing the shipbuilding industry in Canada. He said that this industry in Canada, so far as the west coast was concerned, was almost a thing of the past. His particular company was endeavouring to get into another line of production, so they would not be forced to close up entirely. Those are conditions that one views with alarm. They are conditions that have danger signs attached to them, and we should heed those signs.

I should like to read an extract concerning the shipbuilding industry which I believe was taken from the Ottawa *Citizen*. The heading is, "Government Studying Ways to Help Sagging Shipping Industry."

> The government is considering ways of helping Canada's sagging shipping industry, but the policy is not expected to take shape for at least several months.

May I interject to say, Mr. Speaker, that almost anything can happen in those several months. Unless the government has a policy at hand, disaster may be the result. The articles continues:

> Transport Minister Chevrier told the Commons last night that a number of plans are being considered on how to bolster the vital shipping industry.
>
> "I wish I could say what those plans are, but I do not think it is in the public interest to do so," he said.

Farther down, the same article reads as follows:

> Mr. Chevrier said he fully recognizes the seriousness of the shipping situation. But it was not a problem faced only by Canada. The same was true of every country in the world.
>
> Increased cost of operation was one of the difficulties. Another was lack of freight and deterioration in freight rates. A third was devaluation.

Again we find in this shipbuilding industry the results of the policy pursued by this government. It seems to me that if this continues our country is in for a very bad time. For the ministers to say they are considering plans is not good enough. The government should have a definite plan to remedy this situation.

I should like to speak of another industry, one which is important not only to western Canada, but to Canada as a whole. It is facing grave difficulties and it is going to take more than just giving the matter consideration to remedy the problems facing the coal industry of western Canada. The member for Cape Breton South (Mr. Gillis) spoke about the condition in which that industry found itself in eastern Canada. I can assure him that the coal mining industry of western Canada is facing just as serious conditions as those faced by that industry in other parts of the country.

When we live in a country possessing about fourteen per cent of the world's known supply of coal, it seems to me we should be in a position to take advantage of that great industrial asset. No nation, at least up until today, has had great success industrially without using coal. There is talk about oil, but I believe the backbone of industrial power on the North American continent must be coal. We should, therefore, give every consideration to the maintenance and prosperity of that industry.

One of the conditions facing us in the west, and the same condition is facing the east, is that there is not the market locally for all the coal we can mine or all the coal we are mining. Even today, a great many

coal miners are only working three or four days a week. In the interval, they have been living on their unemployment insurance. These benefits are nearly exhausted, so they will have to turn to relief. The prospects now are not very bright for anything else. The Canadian coal mining industry is in a deplorable state. It almost faces extinction unless something is done immediately to relieve that condition. There is a good market in Canada and why we do not take advantage of it is more than I can tell. In the central part of Canada, in the great provinces of Ontario and Quebec, we have an excellent market. Some hon. members may say to me, there may be some reason for your statement; they may say to me, the mines are so far off that it is not economically feasible to have the coal shipped down here and compete with coal coming from the United States. A condition has arisen in the United States through the coal strike which is being felt by all the industries in Canada. Should we allow our coal mines to be closed down and become dependent on a foreign nation for power to run our industries in central Canada? It seems to me to be the height of folly. Even though it might cost Canada a few million dollars to increase the subsidy on coal coming down here, I believe it would be a good investment in order to ensure the continuance of the production of the industries in central Canada. Even though a strike is on in the United States and even though devaluation of the dollar has taken place, yet it does not compensate the western coal dealers in sending coal down here to compete with United States coal. This is a time when we should be considering that problem seriously.

There is another important factor which should lead us to the preservation of our coal mining industry in Canada, namely, what would happen to us in time of war. We had an unfortunate experience of that during the last war when we were so short of coal because the United States refused to ship us any more inasmuch as they needed it themselves. If we allow our coal industry to close down, what will happen to us in a time of great national need? Just what happened during the last war. In this instance I do not think we should rely on a foreign nation for our coal supply.

There is another problem which will face us if we allow our coal industry to close down. Seven hundred thousand people are employed in the coal industry. If we allow the mines to close, even though oil production is increasing in the west, when we have a market here in eastern Canada, then we shall be faced with a tremendous unemployment problem, a problem that the federal government will have to face sooner or later, because unemployment is becoming quite serious. It was estimated that there were over a hundred thousand employable unemployed on July 4. It is quite safe to say that there are at least 250,000 unemployed in Canada today. We cannot afford to have that number of unemployed climb much higher without serious repercussion in the country.

The cost of transportation is one of the difficult problems that we face in western Canada in order to obtain a market in central Canada. There are several factors which contribute to that high cost. The present freight rate alone on coal coming from the west is $8.33 a ton. On top of that we have the increased freight rates. The house will recall that the last increase the railways were asking for was 20 per cent. They received 8 per cent, but on coal they were allowed a straight 8 cents a ton flat increased rate. Just at a time when we really need a lower cost of transportation we have an increase in freight rates which could have been prevented by this government, making it still more difficult for us in western Canada to get our coal down to eastern Canada. It is true that the federal government pays a subsidy of $2.50 a ton on this coal; but even with that subsidy it is not possible to lay that coal down here and compete with Pennsylvania coal. If we allow that condition to prevail there is only one thing that is certain, namely, that our mines will close down.

It costs us between $16 and $18 a ton to lay down bituminous coal in Ontario. I should like to read a little clipping from the *Financial Times* of Friday, October 28, in regard to that question. It reads as follows:

Pressure Mounts for Coal Policy as Imports Stop
Consumers Discover for Themselves High Transport Cost—Subvention Fails to Make Canadian Coal Fully Competitive

The article goes on to say:

Inquiries have therefore been made in Calgary and Edmonton, about the possibility of shipping coal from the foothills to Ontario. It was thought that increased costs of United States coal might finally have succeeded in making Alberta coal competitive in the east.

This does not seem to be the case, however. Although the would-be buyers of Alberta coal were favourably impressed with the prices that were quoted, and with the quality of the coal that was described to them both as to cleanliness and heating value, the cost of transportation threw all considerations out of gear. It costs $8.33 per ton, in carload lots, to get coal from Alberta to Ontario; and this after the subsidy paid by the government of $2.50 per ton.

Approximately one of every three tons of coal consumed in Canada is produced in this country. Particularly in the maritimes and, of course, throughout the western provinces, Canadian coal is burned to a very great extent in Quebec and to a greater extent in Ontario, the coal is almost exclusively

American. Most of the anthracite burned in Canada is American but, in the case of bituminous coal, the business is competitive, or would be competitive if the freight costs enabled Canadian mines to compete. At $8.33 per ton this is, of course, not likely, considering that United States coal comes to Canada largely in lake boats at much lower rates.

There are others who are concerned with the probable failure—I should not say "probable", I should say almost certain failure—of the coal mining industry, particularly in western Canada. It would not be an entire loss if the federal government were to raise the subvention on coal. They pay $2.50 a ton, but I am sure they could at least double that amount and still make it worth while from an all-Canadian standpoint. When you remember that we ship in $41 million worth of anthracite and $97·9 million worth of bituminous, making a total of $138·9 million from the United States each year, you can see that it would be a tremendous saving of United States dollars, and once again we would have the provinces both east and west coming to Canada's aid in the United States dollar shortage. I say even if we had to pay a much higher subsidy it would be to the federal government's financial advantage in the long run to increase the subsidy on western coal so that we would be able to put the coal down here in eastern markets and compete with the coal coming from the United States. The time has come, Mr. Speaker, for the federal government to consider a national coal policy, having in mind the things which I have suggested.

We are not overlooking the fact that oil is a keen competitor in the field of producing industrial power. We must recognize that probably oil development is going to be a very serious problem which must be dealt with in competition with coal. But from the standpoint of safety alone of the Dominion of Canada in time of war, and in other emergencies, it would be well worth our while to see that the coal mines of western Canada and Nova Scotia are kept in operation. In order to do that, it may be necessary to extend the research in the processing of coal, in an endeavour to extract oil or other by-products from it.

In a time of great emergency, in a time of war—particularly another war—it is very possible that this North American continent may become so isolated that it, including the United States, would not be able to get oil from any other outside source. It may stand us in good stead if we have developed the process in this country whereby we can get oil from coal, or use the coal in its natural form. In my opinion we dare not allow our coal mines to go.

I wish to read a brief article in connection with this subject entitled "Coal Industry Must Pay Attention to Oil". I read this to show that those who are interested in coal-mining, including trade unions and others, are vitally concerned and recognize fully the competition that will come from oil. This dispatch from Sydney, Nova Scotia, states:

The coal industry must become a coal-into-oil industry or it is due for a serious and permanent decline, the United Mine Workers (C.C.L.) district 26 told the dominion coal board today.

In a brief, the union said the coal industry is headed for a decline because of the tremendous growth in the use of oil by industry, railways and residential consumers. The board is holding maritime sittings to hear various views on the industry.

It presented figures to show that in 1947 the maritimes consumed oil equivalent to 1,000,000 tons of coal, and that since 1943 oil consumption in the maritimes had increased by the equivalent of 350,000 tons of coal. During the same period coal consumptions declined by 600,000 tons.

The brief said the first step in development of an oil-from-coal industry in Cape Breton should be construction, at government cost, of a demonstration or pilot plant for experimentation. Fuel oil from coal now costs not more than three cents per gallon more than natural oil, the brief said. Operation of a commercial hydrogenation plant for experimentation would soon reduce this gap.

There is a good deal of truth in that. But whether the statement is based upon fact or not, surely our research branch in the dominion government could make very material progress in connection with the hydrogenation of coal in order to take the by-product of oil from it. This was done in Germany—in fact Germany almost conquered the world because of her highly mechanized armed forces which operated on oil produced from coal. So that what Germany could do, surely we could do, too.

There is one other subject with which I wish to deal briefly, namely that of old age pensions. I do not think I could go to sleep tonight and rest comfortably if I did not say a word for our senior citizens in Canada. I say this, not because I am partial to the subject at all—although I confess I am—but because it is within our physical potentialities to produce so much in this country that everyone should have the highest possible standard of living. That being so, I am not advocating anything the country cannot economically or financially do.

Our old age pensioners receive a maximum of $40. If every old age pensioner in Canada were to receive that maximum pension, they could not have anything but a very sub-standard living. When one considers the high cost of rent, coupled with the exceptionally high food costs—and they are still going higher and higher—there does not need to be any argument to convince every member in the house that it is an utter impossibility for human beings to exist decently on $40 a month.

But the old age pensioners of Canada do not all get that much. The Social Credit party—others too, but at least the Social Credit party—has advocated a minimum pension of at least $50 a month. We would be a sorry nation indeed if we could not produce enough in this country to give our old age pensioners at least that amount. These are the people who so faithfully worked all their years to build the Canada of which we are so proud; yet we turn them aside, with little thought, and with $40 a month, expecting them to exist on that pittance. It must indeed be an irritation and humiliation for these people to eke out their living on such a small amount.

We also advocate that the age for old age pensions should be lowered to 65 years for men and 60 years for women, and that when a husband qualifies for old age pension the wife too should automatically qualify. The reason is obvious. Usually the husband is the breadwinner, and when he has reached the age of three score and ten he is not capable of producing a living then for himself and his wife. As so often happens, however, the husband gets $40 a month—if he is lucky enough to get the maximum—and then the two of them must live on that $40. This makes it absurd.

Surely it should not require argument in the House of Commons to convince members that two people cannot live on $40. One could not have a decent living on it, so we should not expect two to do it. We say therefore that when the husband qualifies for the old age pension the wife should qualify automatically.

I believe old age pensions should be non-contributory. The only ones in Canada who are going to require assistance in their old age are going to be those who cannot possibly earn sufficient so that they may save enough to take care of themselves in their declining years. How in the world could we expect those people to contribute toward an old age pension?—and they are the only ones who will need it. It seems absurd to ask them to contribute out of their meagre savings so that they may obtain a pension upon reaching the age of seventy years.

Each one who at the present time is receiving an old age pension is contributing every day of his life very materially, because each time he buys an article from his old age pension allotment he is making a substantial contribution to the income of Canada, and to the consolidated revenue fund. Therefore let it not be said that the old age pensioners, or those who will come under pension provisions in years to come, are not making their contributions, even at this time. We say therefore that the old age pension should be non-contributory. I do not want to keep the house any longer, but I did want to say those few words.

The house divided on the amendment to the amendment (Mr. Thatcher), which was negatived on the following division:

YEAS

Messrs:

Argue	Knowles
Beyerstein	Low
Blackmore	MacInnis
Coldwell	Noseworthy
Fair	Quelch
Gillis	Shaw
Herridge	Thatcher
Johnston	Thomas
Jones	Wylie—19.
Knight	

NAYS

Messrs:

Abbott	Douglas
Adamson	Drew
Applewhaite	Dumas
Ashbourne	Elderkin
Balcer	Eudes
Bater	Eyre
Beaudoin	Ferrie
Belzile	Fleming
Benidickson	Follwell
Bennett	Fontaine
Black (Chateauguay-Huntingdon-Laprairie)	Fournier (Hull)
Black (Cumberland)	Fraser
Blair	Fulford
Blanchette	Fulton
Boisvert	Gagnon
Boivin	Gardiner
Bonnier	Garland
Bourget	Garson
Bradette	Gauthier (Lake St. John)
Bradley	Gauthier (Sudbury)
Breithaupt	Gauthier (Lapointe)
Brisson	Gauthier (Portneuf)
Brooks	George
Brown (Essex West)	Gibson (Hamilton West)
Browne (St. John's West)	Gingras
Bruneau	Gosselin
Byrne	Gour (Russell)
Cameron	Gourd (Chapleau)
Campney	Green
Cannon	Gregg
Carroll	Harkness
Carter	Harris (Danforth)
Casselman	Harris (Grey-Bruce)
Catherwood	Harrison
Cavers	Hatfield
Charlton	Healy
Church	Hellyer
Claxton	Helme
Cloutier	Henderson
Conacher	Henry
Corry	Higgins
Cote St. Johns-Iberville-Napierville)	Hodgson
Cote (Matapedia-Matane)	Hosking
Cote (Verdun-LaSalle)	Huffman
Courtemanche	Hunter
Coyle	Isnor
Croll	James
Cruickshank	Jeffery
Dechene	Kent
Denis	Kickham
Dickey	Kirk (Antigonish-Guysborough)
Diefenbaker	Kirk (Digby-Yarmouth)
Dion	Lafontaine
	Laing

Langlois (Gaspe)	Prudham
Lapalme	Ratelle
Lapointe	Richard (Gloucester)
Leger	Richard (St. Maurice-Lafleche)
Lennard	Richard (Ottawa East)
Lesage	Riley
Little	Rinfret
Macdonald (Edmonton East)	Roberge
MacDougall	Robinson
MacKenzie	Rooney
MacLean (Cape Breton North and Victoria)	Ross (Souris)
MacNaught	Ross (Hamilton East)
McCann	Rowe
McCulloch	St. Laurent
McGregor	Simmons
McIlraith	Sinclair
McIvor	Sinnott
McLean (Huron-Perth)	Smith (Calgary West)
McLure	Stewart (Yorkton)
Major	Stick
Maltais	Stuart (Charlotte)
Mayhew	Thomson
Murphy	Tustin
Murray (Oxford)	Valois
Mutch	Warren
Nixon	Weaver
Pearkes	Welbourn
Poulin	White (Hastings-Peterborough)
Pouliot	White (Middlesex East)
Power	Winkler
Proudfoot	Wood—169.

HOUSING

STATEMENT BY THE MINISTER OF FINANCE RESPECTING RENT CONTROL

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, if I could have the unanimous consent of the house to revert to motions, I should like to make a statement respecting rent control.

Mr. Speaker: Has the minister the unanimous consent of the house?

Some hon. Members: Agreed.

Mr. Abbott: For some time now the government has been considering what action should be taken with respect to rent control when the present legislation expires. As hon. members are aware, the Continuation of Transitional Measures Act, 1947, will expire on March 31, 1950, or sixty days after parliament first meets during the year 1950, whichever date be the earlier.

Just about a year ago—to be exact, on October 23, 1948—I wrote to the premiers of each of the provincial governments, advising them that the federal government was prepared to vacate the field to any province which might decide to undertake rent control. I offered, on behalf of the government, to make available to any province the records, information, experience and staff of the rentals administration and also, subject to parliament's approval, to pay the cost of any provincial rental administration for one year. At the same time I reminded the provincial premiers that the constitutionality of federal rent control had been questioned and was before the courts, and referred to the situation that would arise should federal rent control be held to be invalid.

None of the then existing provinces was prepared to undertake rent control. On the other hand, when Newfoundland joined Canada it retained its own system of rent control.

In offering to vacate the field to the provinces a year ago the federal government was not seeking to relieve itself of responsibility for rent control. It was motivated solely by concern for the situation that would arise should rent control be held to be beyond the constitutional powers of the federal authorities. It believed at that time that the sudden end of rent control would result in unnecessary disruption and hardship, and it offered to put the matter beyond doubt by giving the provinces an opportunity to introduce legislation that could not be successfully challenged in the courts.

May I say at this point that the advice which the government receives from its law officers is that the existing federal regulations with respect to rent control are valid. But in a matter which concerns the welfare of so many Canadians the government would not be discharging its responsibilities to the people of Canada as it should if it did not take every precaution. It is possible that the courts would decide that our regulations are unconstitutional. We cannot disregard that possibility.

If there was uncertainty about the position a year ago, there is at least the same degree of uncertainty today. The government has therefore decided to refer the question of the validity of the rental regulations to the supreme court, in the hope and expectation that a decision will be given before the present legislation expires. As I have said, the law officers of the crown are of opinion that the rentals regulations are valid. They are also of opinion that both the law and the facts support the view that it lies within the authority of parliament to extend these regulations for a further period. Counsel will be instructed by the Attorney General of Canada to press this view before the court. The order in council making the reference is being prepared and when approved will be tabled in this house.

If no unfavourable decision is given, the government at the next session will ask parliament to grant a further extension of the rentals regulations. The government intends to continue with its program of orderly decontrol as rapidly as conditions warrant but we do not believe that this program can be completed before March 31, 1950. Let me make it quite clear that the purpose of clarifying the

legal position is not to perpetuate federal rent control. On the contrary, the purpose is to confirm our authority to proceed in an orderly way towards the eventual withdrawal of all controls. This has been our firm policy towards wartime controls in general and rent control is no exception.

Should the supreme court find that the rentals regulations are now beyond the powers of parliament, then of course a different situation arises. I am accordingly writing at once to the premiers of the provinces acquainting them with our intention and offering to assist in the preparation of what might be termed "stand-by" legislation if they wish to present such legislation to their respective legislatures.

After the most careful consideration of all the alternatives, the government believes that this course of action is the best. We believe that gradual and orderly decontrol is the right policy. At any time, however, that policy could be frustrated by an adverse decision of the courts. Such a decision might come at a most inconvenient time when the provinces might not be in a position to act as they see fit in the interests of their residents. By referring the question to the supreme court before the present legislation expires and by giving ample notice of our intention to do so, such a situation can, we hope, be avoided.

I should add that the federal government, of course, continues to stand ready at any time to vacate the field of rent control to any province which makes a formal request to that effect. We do not wish to stand in the way of any province which desires to operate in the field of rent control.

I also wish to take this opportunity of announcing some further measures of decontrol.

We have made some progress in the direction of decontrol since the end of the war, but a very high proportion of tenanted dwellings is still subject to the rentals regulations and maximum rentals are undoubtedly still well below the levels that would be established in a free market. Before the rentals regulations are completely withdrawn I hope that there will be some further improvement in the housing situation, and I think it fair to say that no other country is overcoming its housing shortage more quickly. Nevertheless, it seems probable that rentals might well settle eventually at a level substantially above the present maximum levels provided in our regulations. Sooner or later the adjustment must be made, and, as I have said, it is our policy to permit this adjustment to be made gradually rather than abruptly.

[Mr. Abbott.]

The rentals regulations are accordingly being amended as follows:

(1) Rentals for rooms, parts of houses and the like, in which a tenant is required to share toilet facilities or some other similar equipment, may be increased by not more than 20 per cent. I should point out that there have been no previous general increases in maximum rentals for this kind of accommodation since the introduction of rent control. Landlords of such accommodation are also being given the right to terminate any lease on six months' notice. These changes do not apply to per person rates, that is, to rates which include services such as the provision of furniture, linen and so forth. There is already a sufficient degree of flexibility in the present regulations applying to per person rates.

(2) Landlords will be permitted to offer a term certain lease for not less than one year in consideration of a rental increase of not more than 20 per cent in the case of unheated self-contained dwellings and of not more than 25 per cent in the case of heated self-contained dwellings. This lease must contain a clause permitting the tenant to terminate it at one month's notice. If the tenant refuses the offer the landlord may require him to vacate under the laws of the province and the accommodation then becomes free of federal rent control.

(3) Landlords and tenants may enter into term certain leases of not less than two years' duration at any rental upon which they may agree. The rentals administrator has already given approval to about 2,500 joint applications by landlord and tenant to enter into such two-year leases. Hereafter these two-year leases will not require the specific approval of the administrator.

(4) Landlords who owned accommodation prior to November 1, 1949, will be enabled to gain possession for their own use as a residence on giving six months' notice declaring their need. Until now landlords have had this right only in respect of accommodation which they owned prior to November 1, 1947. The rule that such notices may not expire during the winter months is also being withdrawn. It is not retroactive, of course, so that none of the notices already given will expire during the coming six months' period.

These are the major changes being made at the present time. They will become effective by orders of the wartime prices and trade board, as from December 15, 1949. A number of other sundry changes are also being made and they will be announced in the usual way when the orders themselves are completed and published.

May I add one final word to which I hope the press will give some prominence. In order to carry out the changes which have been announced it will be necessary to print and distribute many thousands of forms. They will be made available as quickly as possible. Even under the most favourable circumstances, however, some time will elapse before every rentals office in the country has an adequate supply on hand. This necessary delay will not in any way affect the rights of landlords or tenants because, as I have said, the orders do not become effective until the middle of next month. My advice to the general public therefore is to wait for a further announcement by the rentals administration before applying to local offices for the forms and other details.

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. Rowe.

Mr. Speaker: The house will now resume consideration of the motion of Mr. Abbott that I do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Rowe.

Mr. Blackmore: May I move the adjournment of the debate?

On motion of Mr. Blackmore the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull) moved the adjournment of the house.

He said: There are six government resolutions on the order paper and we intend to proceed with those six resolutions tomorrow. I shall give merely a tentative order because I could not get in touch with all the ministers concerned. The first would be No. 13, under the name of the Minister of Transport, concerning the Temiscouata Railway; second, No. 14, a measure to authorize the governor in council to grant to the province of British Columbia a subsidy for the construction of a railway; the third item would be a resolution under the name of the Minister of Agriculture, presenting a bill to amend the Animal Contagious Diseases Act; No. 4 would be a resolution under the name of the Minister of Finance to authorize the Canadian National Railways to issue securities not exceeding a certain amount; and the last would be a resolution in the name of the minister of reconstruction concerning the trans-Canada highway. If perchance we concluded all that business, we would go into supply and take up Transport. I am sorry; there is one resolution I omitted and that is No. 12, in the name of the Minister of Mines and Resources.

Motion agreed to and the house adjourned at 10.55 p.m.

HOUSE OF COMMONS

Friday, November 4, 1949

The house met at three o'clock.

COMBINES INVESTIGATION ACT

RESIGNATION OF COMMISSIONER AND DEPUTY COMMISSIONER—TABLING OF CORRESPONDENCE

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I wish to table correspondence between Mr. F. A. McGregor and myself relating to his resignation, and correspondence dealing with the resignation of the deputy commissioner under the Combines Investigation Act, Mr. Ian MacKeigan.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, in connection with the resignation of a minister or a high official, letters are sometimes read. The minister has tabled the letters in this case. Could they be printed in *Hansard* so that hon. members might have access to them?

Mr. Howe: No.

Mr. Garson: I would have no objection to that, if it meets with—

Mr. Howe: Oh, no.

Mr. Diefenbaker: Was there not a memorandum attached to Mr. McGregor's letter, and if so, is that also tabled?

Mr. Garson: Yes, quite right; the memorandum is there.

Mr. Coldwell: Do we understand that all the correspondence is to be printed?

Mr. Howe: No; the custom is to table letters of resignation. It is not the custom to print such correspondence in the records of the house. This is the resignation of an officer of a department. The letters have been tabled, and my hon. friend can get them from the Clerk.

Mr. Coldwell: Will they be printed in *Hansard*?

Mr. Howe: No.

Mr. Coldwell: I submit that this correspondence is of sufficient importance to justify its being printed in *Hansard* and made part of the record.

Some hon. Members: No.

Mr. Speaker: Apparently there is not unanimous consent to have the documents printed in *Hansard*.

Mr. MacInnis: Is there any reason why they should not be read by the minister, if they are not printed in *Hansard*?

Mr. Harris (Danforth): As one minister seems to have one idea in the matter, and another senior member has another, let us clarify the situation and get this group together as one unit. I think the Minister of Justice should clarify the situation. Let us have it.

Mr. MacInnis: Mr. Speaker—

Mr. Garson: I am—

Mr. MacInnis: In view of the fact that there is objection to placing the correspondence on *Hansard*, should it not be read to the house?

Mr. Howe: No.

Mr. MacInnis: In a case of this kind, where there is so much public opinion in regard to the matter.

Mr. Garson: Mr. Speaker, as I understand the situation, it is this. The hon. member for Rosetown-Biggar asked me whether there was any objection so far as I was concerned to the publication of these letters in *Hansard*. My answer is that there is none.

Mr. Harris (Danforth): So far as the government is concerned.

Mr. Garson: Just a moment. I understand, however, that before the letters can be published in *Hansard* as my hon. friend suggests, there has to be unanimous consent of the house, and as it is apparent that there is not unanimous consent, I am afraid it will not be possible to comply with the hon. member's request.

Mr. Coldwell: Who is objecting? Is it the understanding that there is unanimous consent to the tabling and printing of the documents?

Some hon. Members: No.

Mr. Speaker: It is apparent that there is not unanimous consent of the house to have them printed in *Hansard*; therefore I cannot order that that be done.

Mr. MacInnis: Who is objecting?

Mr. Mitchell: I am.

Mr. MacInnis: What are you hiding?

Mr. Mitchell: On a point of privilege, the hon. member for Vancouver East has suggested I have something to hide.

Mr. Harris (Danforth): That would be something new.

Mr. Mitchell: I ask him to withdraw that. At one time during the last war, as the hon. member for Lake Centre will vividly recollect, I had twelve ranking civil servants resign in a week. The fact that a civil servant hands in his resignation does not necessarily mean that the correspondence must be put on the record.

Mr. Coldwell: Again I say that the officer who has resigned was the chief commissioner under one of the important acts of parliament, ranking as a deputy minister—

Mr. Speaker: Order; there is nothing before the house. An announcement by a minister is not, strictly speaking, debatable.

[*Later:*]

QUESTION AS TO REPORTS ON INQUIRIES—
TABLING OF REPORTS

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): I should like to direct a question to the Minister of Justice. As reported on page 891 of *Hansard* of February 5, 1948, the then minister of justice, Mr. Ilsley, speaking in connection with the Combines Investigation Act, said:

> I can tell the house at the present time six major inquiries are being proceeded with, that the report in one case is expected before long and the other should be made within the next few months.

Has the minister received any other reports than the two already made public, and the third which is about to be made public? If so, what commodities or industries were reported on, and when were the reports received by the minister?

Hon. Stuart S. Garson (Minister of Justice): The answer is no.

Mr. Knowles: Is the Minister of Justice now in position to answer the question I asked yesterday, namely, the date on which the flour milling report was transmitted to the Minister of Justice by the commissioner under the Combines Investigation Act?

Mr. Garson: December 29, 1948.

Mr. Church: May I ask the Minister of Justice if this whole matter is not one of property and civil rights and employer and employee, which would come within the jurisdiction of the provinces and as such would not apply federally?

Mr. Garson: If I understand my hon. friend's question correctly, my answer would be that it has been the view of lawyers that the Combines Investigation Act is perfectly within the powers of parliament to enact under its control over the criminal law. I think I am right in stating that that has been so found by the privy council.

Mr. Church: And for that reason it has failed.

Mr. Diefenbaker: I should like to ask the Minister of Justice a question about the withholding from parliament of the report in connection with the flour milling industry which was received on December 29, 1948. What was the justification for withholding such a report, when under the statute it should be tabled in parliament within fifteen days? I see that is one of the reasons for Mr. McGregor's resignation, and I think the House of Commons is entitled to an explanation.

Mr. Garson: I think that the hon. member's question is clearly one which, under the rules, cannot be asked on the orders of the day, especially without notice. Certainly it is a question which I could not answer within short compass. If my hon. friend will refer to the letter which I have written to Mr. McGregor in reply to his letter of resignation, he will find a condensed account, it is true, but nevertheless an explanation of the point that is bothering the hon. member.

Mr. Diefenbaker: Mr. Speaker, surely—

Some hon. Members: Order.

Mr. Diefenbaker: On a question of privilege—

Mr. Howe: It is not a question of privilege.

Mr. Diefenbaker: The statute says that the House of Commons should have the report within a certain time. I ask why it was not tabled as required by statute.

Mr. Cote (Verdun-La Salle): State your question of privilege.

Mr. Speaker: The hon. member for Lake Centre has asked his question, and the Minister of Justice has given an answer. The answer may not be satisfactory to the hon. member, but the rules provide that a minister may even decline to answer a question, and of course no debate is allowed on an answer. I think the house will have to be satisfied with the answer which has been given.

Mr. Coldwell: The Minister of Justice has said that the reasons are set forth in his communication. I submit that is all the more reason why these letters should be published in *Hansard.*

Mr. Speaker: Order.

NEW MEMBERS

Mr. Speaker: I have the honour to inform the house that the Clerk of the House has received from the chief electoral officer certificates of the election and return of the following members, viz.:

Of Marcel Monette, Esquire, for the electoral district of Mercier.

Of James M. Macdonnell, Esquire, for the electoral district of Greenwood.

COMBINES INVESTIGATION ACT

AMENDMENTS RESPECTING INSTITUTION AND CONDUCT OF PROSECUTIONS, ETC.

Hon. Stuart S. Garson (Minister of Justice) moved for leave to introduce Bill No. 144, to amend the Combines Investigation Act.

Some hon. Members: Explain.

Mr. Garson: This bill is designed to carry into effect three recommendations of the combines investigation commissioner which are designed to strengthen the enforcement of the Combines Investigation Act and the related legislation contained in section 498 of the Criminal Code. The bill proposes no changes in the definition of offences or in the basic pattern of the legislation. It contains a number of provisions which are intended to remove certain procedural and evidentiary difficulties that have been encountered in combines proceedings, namely, difficulties arising out of the judgment of the Ontario court of appeal in the dental supplies case.

Motion agreed to and bill read the first time.

STEEL INDUSTRY

UTILIZATION OF CANADIAN IRON ORE—REFERENCE TO REPORT IN MONTREAL "GAZETTE"

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): I should like to ask the Minister of Trade and Commerce if the government has noted certain news stories, particularly one which appeared on page 7 of the Montreal *Gazette* of this morning, foreshadowing the building of a fully integrated steel plant in the New England states to utilize iron ore from the newly-discovered deposits in Canada? Will the government consider taking all necessary steps to protect the interests of the Canadian people in the utilization of this great resource, and place before parliament proposals for the establishment of an efficient steel industry in this country for the utilization of Canada's iron ore?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I have looked up the clipping referred to, and I notice that it deals with a statement by the vice-president of the federal reserve bank in Boston to the effect that an integrated steel mill will be built in the New England states. The report reads:

> If and when such a mill is established, there's an immediate ore supply available from Belle isle, Newfoundland.

Then the report goes on to say that, later on, the mill will be able to get ore from Quebec. I can see no reason for objecting to the building of a fully integrated steel plant in the New England states. Iron ore mines in Newfoundland have been for many years supplying iron ore to Great Britain, Germany and other European countries. Those mines are also the sole suppliers of the Dominion Steel and Coal Corporation, in Cape Breton. I am sure that if another outlet for the ore can be found we shall all be happy to see the Belle isle operation enlarged.

So far as the Labrador iron ore mines are concerned, I understand that the plans call for an initial production of 10 million tons of iron ore per year. I believe the total requirements of all Canadian steel mills total about 5,500,000 tons per year. It is obvious that our steel mills can be supplied with all the ore they require, and, if a new market convenient geographically to the mines is available, it would provide a desirable outlet for that ore.

We have an integrated steel industry in Canada, which has been expanded by nearly 100 per cent within the past ten years, and is still expanding. The Canadian industry obtains part of its iron ore requirements in Canada and part in the United States. Regardless of how much iron ore this country produced, our steel industry would continue to obtain its ore from both sources, because of the desirability of having a number of different types of iron ore with which to make the steel. Therefore, I see nothing alarming in this newspaper report, nothing that threatens in any way to jeopardize Canada's interests in iron ore or in steel.

CRIMINAL CODE

PORTRAYAL OF CRIMES—CORRESPONDENCE WITH ATTORNEYS GENERAL OF PROVINCES

On the orders of the day:

Mr. E. D. Fulton (Kamloops): Is the Minister of Justice in position to give us any report on the replies received from the provincial attorneys general in response to the inquiry he was making of them with respect to obscene literature and comics? Can he indicate when we can expect to be able to proceed with Bill No. 10?

Temiscouata Railway

Hon. Stuart S. Garson (Minister of Justice): Having received notice of this question only about two minutes ago, I shall have to draw upon my memory in replying to it. The only acknowledgment to our letters of inquiry which we have received so far has been from Mr. Duplessis, premier of Quebec. It was merely an acknowledgment and an undertaking to go into the matter and advise us further.

In my letters to the provincial attorneys general I suggested that the matter was one of some urgency, and that we should like to have the replies as soon as possible. I even had the temerity to suggest that if possible we should get them not later than November 15.

PUBLIC WORKS

NEWFOUNDLAND—BRIDGE OVER PLACENTIA GUT

On the orders of the day:

Mr. W. J. Browne (St. John's West): Arising out of the answer I received yesterday from the Minister of Public Works, I wish to ask him a supplementary question. I was inquiring as to the investigation that had taken place in Placentia, Newfoundland, with regard to a bridge over the gut there, and the answer I received was that a survey of the site and a preliminary report only had been made. Has any action been taken on that report since the investigation was made before May 27?

Hon. Alphonse Fournier (Minister of Public Works): If the hon. member will put his question on the order paper, I will endeavour to answer it.

TEMISCOUATA RAILWAY

PROVISION FOR PURCHASE BY GOVERNMENT OF CANADA

Hon. Lionel Chevrier (Minister of Transport) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure to provide for the purchase by the government of Canada of the Temiscouata railway and that the Minister of Finance may, out of unappropriated moneys in the consolidated revenue fund of Canada, pay any amounts, not exceeding in the aggregate four hundred and eighty thousand dollars, that are payable under the terms of an agreement dated the 14th day of October, 1949, between His Majesty the King in the right of Canada and the Temiscouata Railway Company at such times and in such manner as are set out in the agreement.

Mr. Green: Is the minister going to make a statement?

Mr. Chevrier: I wonder if I might have the permission of the house to make my statement in committee of the whole.

[Mr. Fulton.]

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

Mr. Chevrier: Mr. Chairman, this resolution seeks approval of the purchase of the Temiscouata railway, payment by the Minister of Finance of a sum not exceeding $480,000 for the acquisition thereof, and, finally, sanction of an agreement entered into by His Majesty the King and the Temiscouata Railway Company in respect of the purchase of the railway.

I should like to deal with the facts concerning the purchase of the railway and the agreement which followed, and give a brief history of the railway and the reasons which prompted the government to request the Canadian National Railways to acquire the Temiscouata railway.

The Temiscouata railway extends from Riviere du Loup in the province of Quebec to Edmundston in the province of New Brunswick, a distance of eighty-one miles, thence westerly along the Saint John river to Connors, a total distance of 113 miles, sixty-nine miles of which are in the province of Quebec and forty-four miles in the province of New Brunswick.

The Temiscouata railway connects with the Canadian National railways at Riviere du Loup and at Edmundston, and with the Canadian Pacific Railway at Edmundston. The total mileage of the railway, including sidings and other tracks, is as follows: The main line from Riviere du Loup to Connors, 101 miles; running rights over the Canadian National railways between Edmundston and Baker Brook, 11.9 miles, or a total operated mileage of 113; sidings and other tracks owned, 9.3 miles, making a total for all tracks of 122.3 miles.

The railway from Riviere du Loup to Edmundston was opened to traffic on January 1, 1889. The section from Edmundston to Connors was built subsequently and opened for traffic on November 10, 1891. The capital structure of the railway is made up of 10,000 shares at $100 each. The authorized capital is $1 million, and the full amount of that capital has been issued. Added to that is an issue of five per cent consolidated mortgage income bonds, due in 1950, amounting to £586,948, which was authorized and issued, and which at par would amount to $2,856,336. That is at the time that the pound was at $4.80, I believe.

Mr. Green: Pounds or dollars?

Mr. Chevrier: At the time that the pound was $4.80. I make that point now because at the time of purchase the bonds were valued at $2,362,000.

Mr. Green: Is that dollars or pounds?

Mr. Chevrier: That is dollars. No dividends have been paid on the capital stock since issue, and no interest on the bonds since 1930. Prior to 1930 only partial interest was paid on the bonds. The operating results of the railway have not been good, particularly in the years 1943 to 1948. I have a table which perhaps I might summarize fairly quickly. For instance, in 1943 operating revenues amounted to $319,000 and operating expenses to $304,000, but because of other expenses the net corporate income of the Temiscouata Railway Company was only $208. In 1944 the net income was $315. In 1945 there was a deficit of $272. In 1946 there was a net income of $9,821, and in 1947 a net income of $1,161. In 1948 there was a deficit of $156.

The traffic handled over the railway was small. I refer to the years 1943 to 1948. The total tonnage varied from 180,943 in 1943 to 192,081 in 1948. The greatest tonnage carried was in 1946, when it amounted to 202,223 tons. The forest products which originated on the line accounted for over eighty per cent of the freight traffic I have just mentioned. The number of passengers carried varied from 37,245 in 1943 to only 11,670 in 1948. The present train service consists of a mixed passenger and freight train on Monday, Tuesday, Thursday and Saturday between Riviere du Loup and Edmundston, and freight service only between Edmundston and Connors.

It has been evident for quite some time, at least two years if not more, that the Temiscouata railway could not continue to operate under present conditions. It has been able to operate only through assistance given by the Canadian National Railways and the Canadian Pacific Railway Company, and also because of the willingness of the employees of that railway to accept subnormal wages.

Mr. Green: How many employees are there?

Mr. Chevrier: I am coming to that. The average number of employees in 1948 was 144, with a total pay roll of $258,702. If the wage rate of the Canadian National had been in effect, the pay roll would have been $399,490, an increase of $140,000, or 54 per cent.

Mr. Smith (Calgary West): Is it a standard gauge railway?

Mr. Chevrier: Oh, yes. From the start the employees of the Temiscouata railway have been paid much lower wages than were paid on other Canadian railways; and, as I said a moment ago, this was one reason why the railway was able to continue to operate. The assistance granted the Temiscouata by the Canadian National and Canadian Pacific in 1948 for special divisions of revenue and per diem assistance on equipment amounted to $73,400, made up as follows: Canadian National, $49,125; Canadian Pacific, $24,275.

It was evident in 1948, therefore, that the company could not continue to maintain the railway in a safe condition and operate it at present traffic levels, and they indicated that a a matter of business they would be forced to abandon operations and take what salvage they could get. The ownership of the railway is represented by an issue of bondholders' scrip held by a bondholders' committee with head office in London, England. That committee offered to sell those securities for twenty-five per cent of their face value. The face value of the bonds amounted to £586,918, which at par would amount to $2,856,336. At the then rate of exchange their face value would amount to approximately $2,361,950, and twenty-five per cent of that would be $590,480.

The matter of the purchase of the Temiscouata was given careful consideration by the government, and for the following reasons it was decided to purchase the railway.

The population served by the railway was estimated some time ago at 38,000, of whom 17,000 are served by other railways; and it is probable that a present-day census would reveal a much greater number of people depending upon the railway for transportation service. A number of lumber mills are located on the railway. The Fraser company have operated a large mill at Cabano for nearly fifty years. This mill cuts nearly ten million feet board measure of lumber per year. Smaller mills are located at Cabano, Notre Dame du Lac and St. Jacques. Also a number of smaller mills are located in the Squatteck district northeast of lake Temiscouata, and their products are hauled to the tracks at Cabano and Ste. Rose. The country between Baker Brook and Connors consists of good farming land, with considerable good lumber and pulpwood in the back country. Abandonment of the operation of this railway would seriously affect the people whom it serves, and create complications in the existing economy of the area served. It is considered essential in the national interest to keep this railway in operation.

Conditions along the lines of those existing at the moment in connection with the Temiscouata railway prompted the government some years ago to make similar purchases of railways in the provinces of Nova Scotia, New Brunswick and Quebec. A number of those lines had no net earning possibilities in their individual status, but their continued operation was considered to be essential in the national interest. The properties were acquired by the government

at prices arrived at by negotiation with the interests holding the proprietarial rights, and they were incorporated in the Canadian government railways. Under the authority of chapter 16, 5 George V, acts of 1915, the government acquired some nine railway lines from private companies, totalling 407 miles, at an average cost per mile of $9,191. Under the authority of chapter 22, 6-7 George V, acts of 1916, the government acquired two additional lines of railway totalling 97 miles, at an average cost of $37,048 per mile.

Then there is the position in reference to competition. Highway competition is quite keen in that area. Several highways parallel the Temiscouata railway and bus and truck services are operated in competition with it, which have contributed in no small measure to the falling off of both passenger and freight traffic.

After giving this matter careful consideration the government requested the Canadian National Railways to purchase the Temiscouata railway at a price not to exceed $500,000. The owners, represented by the bondholders' committee in London, England, held a meeting and accepted the offer made by the Canadian National on behalf of the government, and called a special general meeting of the shareholders for that purpose. Meanwhile an agreement was drafted between the government and the Temiscouata, both of which were ratified at the special general meeting. That is the agreement referred to in the resolution, dated October 14, 1949; and parliament is now being asked to sanction it.

Mr. Brooks: What rolling stock is being taken over?

Mr. Chevrier: There is a lengthy list of locomotives, box cars, equipment and the like. I would have to get it for my hon. friend. I would be only making an estimate if I attempted to give the value now.

Mr. Brooks: It was the value more than the quantity I wanted to get, in order to compare it with the cost of the railway.

Mr. Chevrier: Dealing with the value, perhaps I can say that twenty-five per cent of the bonded indebtedness amounted to $950,000. As I stated, the Canadian National was authorized to make an offer not exceeding $500,000. They were able to purchase it for $480,000. The house will be interested in knowing that current assets, less the current liabilities, amount to $137,000. Furthermore, the Canadian National Railways indicated to us that, as scrap, the railway was worth about $240,000; so that, with the $137,000 cash to which I have referred, the agreement is an excellent one, I should think. This is particularly true when it is compared to the amount per mile which was paid for the other railways I mentioned.

Mr. Brooks: Is there any intention of scrapping any part of the railway? There is a rumor to that effect.

Mr. Chevrier: Not the slightest; it is intended to operate it.

Mr. Gibson (Comox-Alberni): I gather from the minister's remarks he expects this will mean another $20,000 loaded on to the Canadian National Railways operating deficit?

Mr. Chevrier: I do not know what the exact amount will be, but it might be in that neighbourhood.

Mr. Hatfield: Is it the intention of the Canadian National Railways to improve that part of the railway from Rivière du Loup to Edmundston, and from Edmundston to Connors. I believe that portion of the railroad is the crookedest in the world. It goes around in circles. Is there any guarantee that the stations now on this route from Edmundston to Connors will not be closed? The transcontinental route parallels this part of the road from Connors to Edmundston.

Mr. Chevrier: With reference to the first question, it is the intention of the Canadian National to spend substantial sums of money, but what those amounts are I am unable to tell the committee. It will take a considerable sum of money to put the railway in fair condition. I cannot answer the second question. I should not think it is the intention of the railway to close any stations—certainly not at this time.

Mr. Hatfield: Can the minister tell us how much the railway intends to spend on improvements? In my opinion the road from Riviere du Loup to Cabano could be eliminated. Cabano is the largest revenue-producing station on the route. I suppose the member for Temiscouata would object to that. From Riviere du Loup to Cabano the route goes through a wilderness, so it does not produce any revenue. The remainder of the route from Edmundston to Cabano and from Edmundston to Connors should be kept in operation as a feeder to the Canadian National Railways.

Mr. Green: Mr. Chairman, apparently this is the first time in about thirty-three years that action of this kind has been taken. The minister will correct me if I am wrong, but that is what I gathered from his remarks. I suggest to him that he agree to have the bill referred to the standing committee on railways, canals and telegraph lines.

Mr. Chevrier: I have no objection.

Mr. Green: The minister says he has no objection to that course being followed. It may be that we are establishing a precedent here, and the facts indicated by the minister certainly seem to warrant some sort of inquiry. I understood him to say that the government had instructed the Canadian National Railways to purchase this line; is that correct?

Mr. Chevrier: Correct.

Mr. Green: In other words, Canadian National Railways did not recommend that the line be taken over; that is correct?

Mr. Chevrier: I made my statement, and it is quite clear from what I said.

Mr. Green: In fairness to the Canadian National Railways I think it should be pointed out that if the Canadian National is expected to provide a service which cannot possibly pay its way, the cost will have to be borne by the Canadian people as a whole. It would not be fair to blame the Canadian National if they have a deficit on this line. I think this should be borne in mind. We cannot expect them to operate profitably when such a railway line is handed over to them by the government. Will the minister table the agreement? We have had no opportunity of seeing it or studying its terms. Is there any objection to that?

Mr. Chevrier: There is at this stage. The agreement forms a part of a bill, and the whole matter will be referred to the committee for discussion.

Mr. Sinnott: We are dealing with a half million dollars now; can the minister tell us what has been the deficit of this railway line over the last five years?

Mr. Chevrier: It is on the record.

Mr. Black (Cumberland): From the statement of the minister it would appear this has been an unprofitable railway line, but probably a necessary railway operation. It would appear also that other railways have been taken over because they have been unprofitable to operate. I should like to ask the minister whether it is proposed to take over any other lines of railway that have been profitable over the years. I refer to two in my county, one running from Maccan to Joggins, and the other from Springhill Junction to Parrsboro. These lines have been operating at a profit for a good many years. The shippers have had to pay local freight rates which are excessive in comparison with what is paid for the same mileage on lines operated by the Canadian National.

Mr. Chevrier: I am not aware of any other lines that are being taken over—certainly not at this session.

Mr. Sinclair: I am more interested in the measure concerning the Pacific Great Eastern than I am with the Temiscouata railway. The Canadian National is taking over the Temiscouata railway but has refused on various occasions to take over the Pacific Great Eastern. May I ask the minister if the reason for this difference in approach is the fact that the Temiscouata railway already connects with the Canadian National, whereas the Pacific Great Eastern does not?

Mr. Chevrier: I do not think that enters into the picture. Perhaps I should say this to my hon. friend, that one is a provincial railway and the other is a railway which was authorized by the parliament of Canada. It is easier, of course, to take over a railway which connects at both ends with lines of the Canadian National, as does the Temiscouata. It connects at the northerly end with the Canadian National transcontinental, and at its southerly end with another line of the Canadian National at Edmundston. While that is not the only reason, it might well be one reason.

Mr. Coldwell: I do not believe the minister informed us as to the original capitalization of the Temiscouata Railway Company.

Mr. Chevrier: I did say that the share capital authorized at first was ten thousand shares at $100 each.

Mr. Coldwell: How much was paid up?

Mr. Pouliot: None.

Mr. Chevrier: A very small amount; in fact I believe the member for Temiscouata (Mr. Pouliot) is very close to it. Only one share certificate was issued, and that raises, of course, a legal problem. It brings the matter to parliament. Then there was a bond issue, which I mentioned, of £586,000. The equivalent in dollars was $2,856,000 when the pound was worth $4.80.

Mr. Coldwell: What is to be the disposition of this $480,000?

Mr. Chevrier: It is to be paid to the bondholders' committee in London who represent the holders of the mortgage bonds.

Mr. Coldwell: So we are really buying at a bankrupt price a railway that is insolvent?

An hon. Member: Not at all.

Mr. Coldwell: Are we? That is the question I am asking.

Mr. Chevrier: I do not think we are doing that, because the assets have some value. As I mentioned a moment ago, even if the railway were to be scrapped today; it is valued at some $240,000 or $250,000; and there are

assets, the equivalent of cash, of some $136,000. The railway is therefore worth something as a going concern.

Mr. Coldwell: But we are not paying the full value of the original bond issue?

Mr. Chevrier: No. The offer which was made was twenty-five per cent of this value of $2,800,000, and the purchase price was, roughly speaking, twenty per cent of that, namely, $480,000.

Mr. Black (Cumberland): Was this agreement put through before the depreciation of the pound sterling?

Mr. Chevrier: The agreement was put through before the depreciation of the pound sterling—I speak now from memory; but the agreement provides for payment in Canadian dollars.

Mr. MacInnis: I was called out just as the minister began to make his statement, and perhaps he has covered the point I have in mind. If the Canadian National Railways buy this railroad, will it be self-supporting from an operating point of view? Is the amount that we are to pay for the Temiscouata railway more or less than the estimated value of the present assets of the railway?

Mr. Chevrier: To answer the first question, the railway is barely self-supporting now, from the figures which I gave. For instance, I indicated that in the year 1943 the net corporate income was $208, and in 1948 the net corporate income showed a deficit of $156. But it is hoped that it may be made profitable.

Mr. Green: They are going to have to pay higher wages, are they not?

Mr. Chevrier: Yes. As to the second question of the hon. member (Mr. MacInnis), the hon. member for Vancouver-Quadra had already asked the same question, and I answered it. My hon. friend will find the answer on the record.

Mr. Smith (Calgary West): May I ask if a valuation was made of the physical assets?

Mr. Chevrier: Yes—$240,000.

Mr. Smith (Calgary West): In other words there is not much good will, is there?

Mr. Chevrier: When I say $240,000 I mean that the Canadian National Railways put that value on it for scrap purposes: if the railway were scrapped at a certain time in 1949, it would be worth $240,000.

Mr. Smith (Calgary West): I hope that it will not be thought that I am opposing this measure. I gather the reason for it to be that there are some people who are served by this line—

[Mr. Chevrier.]

Mr. Chevrier: That is right.

Mr. Smith (Calgary West): —and that you are anxious to continue that service to those people. That is the main reason for this measure.

Mr. Chevrier: That is one reason.

Mr. Hatfield: It will be a feeder road to the Canadian National.

Mr. Pouliot: I will explain what the Temiscouata railway is. There are two arteries of the Canadian National Railways from Quebec city to the maritimes. One is the old Intercolonial, alongside the St. Lawrence river, and the other is the Transcontinental railway, which follows the Saint John river. Between them is the Temiscouata railway, which is the last link to the east between the Transcontinental railway and the Intercolonial railway. It starts at Riviere du Loup, a town of about 9,000 on the shore of the St. Lawrence, and goes direct to Edmundston. It covers a distance of eighty-one miles to Edmundston on the Saint John river, just across from the state of Maine. Then the railway follows the Saint John river to the west; it goes from north to south, from Edmundston to Riviere du Loup and then goes west to Connors. The whole length of the railway line is approximately 113 miles.

The Temiscouata railway has received a good deal of help from the Canadian National and the Canadian Pacific in the way of freight rate reduction. The proportion of freight rate allowed by the major railway companies to the Temiscouata railway was larger, just to give some help and to permit the Temiscouata railway to keep going. It is important to realize that both great railway companies have understood the necessity of the Temiscouata railway, and have made certain sacrifices in order to help it. The Temiscouata railway celebrates its diamond jubilee this year; it is the sixtieth anniversary of its establishment. It has given valuable service to a population which is much larger than the minister has indicated. It helps the whole county of Temiscouata, the population of which is 50,000; and it also helps the county of Madawaska, the population of which is 35,000 or 40,000.

The hon. member for Victoria-Carleton suggested that the section from Riviere du Loup to Cabano should be dispensed with. In saying that he has proved that he is a great humorist. I could not take him seriously when he said that, because he knows the country, and he knows as well as anyone else that the Temiscouata railway is rendering great service to the population.

For instance, we might speak about the competition of trucks. We can put a great deal of furniture in a truck, but no one thinks of putting telegraph and telephone poles in trucks.

An hon. Member: Oh, yes.

Mr. Pouliot: In my district we regard that railway essential for heavy traffic. We need the railway. There are big industries in this area. Fraser Companies Limited have big mills at Cabano and Notre Dame du Lac. A large manufacturing plant of shoe-trees is at Notre Dame du Lac. There are many mills at Cabano and in the back country at Squatteck and in all the other places. They are all dependent on the Temiscouata railway.

I must pay a special tribute to those who built the Temiscouata railway. They had the spirit of the pioneers. It was a long time ago. The financing was done with English capital. I might explain to the hon. member for Rosetown-Biggar that no shares were paid; the shares were there just for the picture in the financing until subsidies were paid by the government of Sir John A. Macdonald and other governments in the old days. Those shares were transferred as a collateral guarantee until the subsidy came. The Temiscouata railway was built, as were most railways of the time, by British capital and Canadian subsidies, because the shrewd English businessmen and the far-seeing politicians of the time understood the necessity for railways. Let me tell my hon. friend that the policy of Cartier, one of the great men of the Conservative party, was a policy of railways. He said: my policy, my program, is railways—and they must know it.

Here we have a railway which has rendered good service under unfortunate circumstances, and precisely because shares were not paid in full, as they should have been, it incurred hardships. The population needs the railway. I could show my hon. friend many resolutions passed by county councils asking for immediate consideration of this matter by the government. A delegation of big businessmen and lumbermen came here from my district to urge upon the minister and the government the importance of taking immediate action in connection with this railroad.

Now the time has come. I must express the appreciation of my constituents and of those of Madawaska to the Prime Minister, the Minister of Transport and all members of the government who have understood the seriousness of the situation and have decided that the Temiscouata railway should at once be placed under the control of the Canadian National Railways.

The area east of Quebec has been forgotten for a long time; only those places near Montreal had a chance. Now, however, the men we have in power have an understanding of the situation and are taking the necessary measures to put the Temiscouata railway on the map.

Mr. Brooks: It has taken them a long time.

Mr. Pouliot: Yes, it has taken a long time. As I said the other day, we have a new era, and I am glad we have a new leader. With the old one my people would never have got it.

I congratulate the Prime Minister and the Minister of Transport and all those who are helping to complete the settlement of this important question. The other day I invited the hon. member for Cape Breton South to come to my constituency by automobile, and said I would drive him there. But if he comes next summer—either he or any of my colleagues—they will be welcomed in Temiscouata, and we shall all have a good ride on the Temiscouata railway.

Mr. Hatfield: I am in favour of the government's taking over this road. I believe that for the sake of the Canadian National Railways it could be made a paying feeder line. The Temiscouata railway gave over all the Edmundston part of their freight to the Canadian National and the Canadian Pacific. I do not suppose they will permit the giving of any freight to the Canadian Pacific now; they will take all the freight that accumulates on this feeder road.

This is a feeder for the Canadian National, and I am in favour of it. But I do not see the advantage of maintaining the road from Riviere du Loup to Cabano, because I do not think there is any feeder freight in that district. Notre Dame du Lac and Cabano are big feeders on this road.

Mr. Green: Had there ever been a previous application to have this road taken over by the government?

Mr. Chevrier: Yes, on many occasions, by the manager of the Temiscouata railway. I speak concerning the last three years.

Mr. Green: Any earlier than that?

Mr. Chevrier: I am not aware of any earlier than that.

Mr. Green: With whom were the negotiations carried on?

Mr. Chevrier: There were no negotiations. On several occasions the manager of the Temiscouata railway came to my office to tell me that if he did not have additional assistance he would have to throw up his hands. Following that, representations were made both to the Canadian National and to the Canadian Pacific to go to the assistance of the Temiscouata railway, which they did.

Mr. Green: But neither of them would take it over?

Mr. Chevrier: Neither of them would take it over. The assistance which was given, as I said a moment ago, amounted to about $75,000, and was divided at the rate of two-thirds by the Canadian National and one-third by the Canadian Pacific. While it helped, it was not sufficient.

Mr. Coldwell: I believe the people in the district in question are entitled to the services of the Temiscouata railway. It does seem to me, however, a tragedy that in the past thirty-three years we have had to load up the Canadian National Railways with other lines which had been established under private enterprise and ran into difficulties. My point is that in such cases the deficits should not be loaded on the Canadian National Railways. If the management of the Canadian National states that it does not wish to take the railway over, then, as has been suggested by the hon. member for Vancouver-Quadra, the government should make provision for any deficit so that it would not stand as a further deficit on the Canadian National Railways. That system today is responsible for capital expenditures which should be removed from it. I believe this is a matter which is under consideration by the government, and I hope something substantial may be done about it in connection with another resolution which is on the order paper.

Apparently there are other railways in the same position. One hon. member this afternoon mentioned a railway in his constituency which he would like to see taken over—and he added that it was a profitable one. In any event, in circumstances such as these the losses should be segregated from those of the national railways as a whole.

Mr. Chevrier: The question raised by the hon. member for Rosetown-Biggar, and mentioned earlier by the hon. member for Vancouver-Quadra, is a difficult one. If we do it in this case, we have to do it in all others. Under these circumstances we would find the estimate book cluttered up with items for railway services operating at a deficit, of which there are two or three or more at the present time. This is a matter concerning which advice is being sought by the government from the royal commission on transportation, and I hope it will be able to bring in some recommendation which will be of assistance. Whether or not it would be desirable to segregate losing projects from the general operations of the Canadian National Railways is a question to which I believe the commission is giving study. It is a problem which I am pleased to have raised at this time, but one which certainly cannot be solved in the resolution before us.

Mr. Green: Was the question of the purchase of this railway referred to the royal commission? The government has now embarked upon a new policy, at the very time when a royal commission is investigating the whole transportation structure in Canada. One of the things the commission was to investigate was the financial position of the Canadian National Railways. Yet here is a railway, which certainly will operate at a loss, and which is being loaded on to the Canadian National. Was the question of this purchase referred to the royal commission?

Mr. Chevrier: No.

Mr. Hodgson: Will the wages of the men now employed on the Temiscouata railway be increased to compare with those of other railway men in Canada, after the line is taken over?

Mr. Chevrier: I understand that that is the intention of the Canadian National, once the railway is given to them for operation.

Mr. Murray (Cariboo): I think many hon. members forget that all of these railroads were subsidized at some time or other, if not by this government at least by the various provincial governments. There is not a railroad in Canada that has not received assistance from the public treasury. The Canadian National has been referred to as a tremendous organization that took over a number of bankrupt or semi-bankrupt railroads some years ago, but the fact remains that all those railroads that were taken over had rendered great service in developing this country.

They made it possible for settlers to get into remote areas and develop the resources of the country. The fact that some of them fell upon evil days does not mean that they were not of great service to the country. The railroad now being considered has operated for sixty years in a very difficult part of Canada and no doubt has rendered great service. We seem to be in a sort of socialist era and I think the best thing to do would be to amalgamate these railroads, get them all under one management. I believe that this particular railroad could be brought under Canadian National management and with the resultant reduction of overhead and management costs it might pay its way very handsomely. I am much in support of the minister's bill.

Mr. Harris (Danforth): I am more or less in agreement with what the hon. member for Cariboo has said. No doubt a great

deal of the development in Canada has come out of the treasury of Canada through the cost of these different units which have been amalgamated and which are now known as the Canadian National Railways. To keep this matter apart, to put it on a separate basis, would make simply another entity, another downpipe into which this chamber would have to pour more and more funds.

All of us on all sides of the house must assume our responsibility for having formed these different railroad entities into the one organization. However, it is much easier to control one organization than it is to control two or three. I am of the opinion that we are caught with this. I am of the opinion that there are people along these lines who look to this organization to give them service, and I do not know if there is much we can do about it.

I suggest to the hon. member for Cariboo that there is no other organization better able to meet the problem set out in this bill than the Canadian National Railways. It has been my privilege in days gone by to criticize the management of that railroad for extravagance and other things, but let us be sensible. What else can we do? Is it not much easier for us to sit here and criticize one unit than it would be to deal with three or four units? Let us concentrate our efforts on keeping this Canadian National organization on an orderly footing. If all these units are split up it is likely to throw the whole country into a state of chaos. Let us co-ordinate all these activities, admitting all the time that we are in a mess, admitting all the time that we are in financial difficulties with regard to the ever-mounting cost of our railroads. At the same time we should keep together and see if we cannot tear down an edge here or an edge there and make it as economical an operation as possible for those who have to pay the cost, namely, the people of Canada.

Mr. Gibson (Comox-Alberni): Is there a road paralleling this railroad?

Mr. Chevrier: There is a highway paralleling the railroad. This railroad joins the Intercolonial with the Canadian National.

Mr. Gibson (Comox-Alberni): I was thinking that perhaps the hon. member should go to the premier of Quebec and have a highway constructed so that these lumber products could be brought out to the railhead at the other end. In British Columbia we truck 40 or 50 tons of logs as far as 50 miles. We find it much cheaper to do it that way than to put them on railroad cars. In fact, we consider that railroad cars are obsolete.

What I am afraid of is that in taking over this railroad we are assuming an obligation of $200,000 a year in perpetuity. I would hate to think that was the case. Would there not be a possibility of the lumbermen changing their type of operations down there? I can understand how they have been most useful to the economy of the country, but it seems to me that we are paying a rather heavy bonus when we assume this obligation in perpetuity.

Mr. Chevrier: The statement made by the hon. member for Comox-Alberni might apply if the railroad remained in the position in which it is, but if the road is taken over it is quite possible that with improved equipment it might be operated profitably. I am looking forward hopefully to that happening.

Mr. Green: Is it not more likely that in addition to assuming the annual deficit the Canadian National Railways will have to make considerable capital expenditures? The minister has told us that he cannot give us any idea as to how much money will be spent by way of capital expenditures, but I think he should be able to tell us how much it is going to cost. The government must have some idea of how much will have to be paid out.

Mr. Chevrier: Of course the Canadian National will have to pay out a certain amount of capital at this time if the railroad is to be put in shape. In so far as the exact figures are concerned, if I am to give the figures we had better not refer the bill to a house committee but deal with it in committee of the whole. However, if the bill were sent to the committee these figures could be got firsthand. I can give them in a general way, but I think it would be more satisfactory to have them supplied in committee.

Mr. Green: Why not let us have them now?

Mr. Howe: This is the resolution.

Mr. Chevrier: If the bill is referred to the committee they can be given there.

Mr. Murphy: In answering a question asked by the hon. member for Rosetown-Biggar I believe, the minister said that the capitalization—I may be wrong about this—of this railroad was a million shares. I understood from an earlier statement that it was 10,000 shares.

Mr. Chevrier: So far as the stock capital is concerned, it is 10,000 shares of $100 par value or a capitalization of $1 million. The bonded capital is $2,800,000.

Mr. Murphy: I understood in answering the hon. member for Rosetown-Biggar the minister said one million shares.

Mr. Chevrier: That was an error and I thank the hon. gentleman for bringing it to my attention.

Resolution reported, read the second time and concurred in.

Mr. Chevrier thereupon moved for leave to introduce Bill No. 145, respecting the acquisition of the Temiscouata railway.

Motion agreed to and bill read the first time.

PACIFIC GREAT EASTERN RAILWAY

PROVISION FOR SUBSIDY TO BRITISH COLUMBIA FOR CONSTRUCTION OF LINE FROM QUESNEL TO PRINCE GEORGE

Hon. Lionel Chevrier (Minister of Transport) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure to authorize the governor in council to grant to the province of British Columbia a subsidy of $15,000 per mile, but not exceeding eighty-two and seven-tenths miles, towards the construction of a line of railway from Quesnel to Prince George in the province of British Columbia.

He said: May we proceed in the same manner on this resolution?

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

Mr. Chevrier: Mr. Chairman, the purpose of this resolution is to grant to the province of British Columbia, the owners and operators of the Pacific Great Eastern Railway, a subsidy of $15,000 per mile for the construction of an extension from Quesnel to Prince George, the extension not to exceed eighty-two and seven-tenths miles. The Pacific Great Eastern Railway Company was incorporated in 1912 under charter granted by the government of the province of British Columbia. The charter provided for the construction of a railway from Vancouver along Howe Sound to Squamish, thence to Lillooet on the Fraser river, and then following the direction of the Fraser river to Prince George. A later provision was for a line from Prince George to a point in the Peace river block with the intention of connecting with the present Northern Alberta Railways.

The reasons for the construction of the Pacific Great Eastern were: (1) to provide an independent or direct route for the Grand Trunk Pacific Railway to the city of Vancouver; (2) to open the central portion of British Columbia; and (3) to provide an outlet for the Peace river country through Vancouver. The Pacific Great Eastern Railway purchased the Howe Sound and Northern Railway, which operated a line of railway from North Vancouver along Howe sound a distance of seven miles, and extended it to Whytecliff, making a total distance of 12·7 miles. The connecting line to Squamish was never completed.

Major construction started from Squamish, and was slow owing to difficult construction conditions. It was further prolonged by reason of the war. By 1917 approximately 180 miles north from Squamish were completed when construction virtually stopped. In 1918 the government of the province of British Columbia acquired ownership of the railway and undertook to complete construction and operate the road. By 1919 the line was extended 211 miles from Squamish, of which 180 miles were operated. Construction was continued until 1922 when the line was completed and in operation from Squamish to Quesnel, a distance of 347·8 miles. Some construction was undertaken beyond Quesnel, but this section was not operated. In 1929 operation was discontinued on the section from North Vancouver to Whytecliff. The line between Squamish and Quesnel has been continuously operated by the British Columbia government.

The government of that province has decided to extend the Pacific Great Eastern Railway by the construction of a line from the present terminus at Quesnel to connect with the Canadian National Railways at Prince George, a distance of 82·7 miles. The estimated capital cost of the extension is $8 million, or an average cost per mile of approximately $96,700. The construction of this extension will provide traffic for the railway and assist in developing the natural resources in the area consisting of large tracts of timber suitable for lumber, newsprint, pulpwood and plywood, mining possibilities, sections of agricultural and grazing lands, hydroelectric power potentialities, and sport and recreational attractions. The government of the province of British Columbia is proposing to develop hydro power in the Quesnel area, and the establishment of a pulp and paper business there. The government of the province of British Columbia has solicited dominion aid in the construction of this railway extension, and the resolution would authorize the governor in council to grant to the government of the province of British Columbia a subsidy of $15,000 per mile towards the construction of the extension, not exceeding 82·7 miles in length. The total subsidy payable would amount to $1,240,500.

There is a precedent for this practice. In 1913 the government proceeded in the same manner for the Ontario Northland Railway, and paid a subsidy of $6,400 per mile. The act, which was assented to on the 6th of June, 1913, provided for the payment of that subsidy for certain portions of the line as mentioned

therein. If hon. members of the house are interested in looking at the precedent, the act is to be found in 3 and 4 George V, chapter 53, 1913.

Mr. Harris (Danforth): That was not the name of the line at that time.

Mr. Chevrier: No; the name of the line at that time was the Temiskaming and Northern Ontario Railway. I am informed that the name has since been changed to Ontario Northland Railway, and that it is operated by the Ontario northland commission.

The resolution seeks the approval and sanction of parliament for the payment of this subsidy.

Mr. Sinclair: Mr. Chairman, as the member for the riding in which the southern terminus of this railway is situated, I feel I should say a word or two on the resolution. The Pacific Great Eastern Railway occupies a position in the province of British Columbia quite similar to that occupied by the Canadian National Railways in Canada. While the railway is now publicly owned by the province, it was not built by public ownership but rather privately. The securities were guaranteed by the province. When the company failed the province had to take over the railway and operate it.

It has not been a very profitable operation for the province. On the contrary it has been the largest single item of expense in the provincial budget. I believe that the people of British Columbia now have over $100 million invested in the line. The main reason for this railway being a losing proposition is the fact that it is isolated. The people of British Columbia often describe it as the railway which starts nowhere and ends nowhere. The hon. member for Cariboo, who represents the village of Quesnel in the northern section served by the railway, and I, representing the village of Squamish at the southerly end, might quarrel with this description, but the fact remains that the Pacific Great Eastern Railway does not connect with any other railway on this continent.

The original intent behind the railway was, however, a good one. The existing railway lines in British Columbia generally all run east and west. The most southerly line is the Kettle valley line of the C.P.R. which enters British Columbia at the Crowsnest pass just north of the United States border, and continues across British Columbia skirting that border. The main line of the C.P.R. comes into the Kicking Horse pass a little west of Banff, proceeds to Kamloops, and then down the Thompson and Fraser rivers to Vancouver. The next line, which is a part of the Canadian National system, is the old Canadian Northern line which, at Jasper, goes through the Yellowhead pass, and then to Kamloops and down the same route as the C.P.R. The old Grand Trunk line, now also a part of the Canadian National system, goes through the Yellowhead pass and proceeds straight west to the ocean port of Prince Rupert. The promoters of the P.G.E. therefore believed that there was an opportunity for a north-south line, cutting across these other lines and stretching from Vancouver into the northeast corner of the province, the area commonly called the Peace river block.

The railway was actually begun in the city of North Vancouver, which is on the north shore of Vancouver harbour; and, as the minister said, it continued some thirteen miles to the community of Whytecliff. Twenty miles of mountainous country then intervened, and no attempt was made to build the railway over that area. A new start was made at the small village of Squamish, at the head of Howe sound; and, as the minister stated, some 347 miles of railway were built in a general northeasterly direction, through the Lillooet country, through the Cariboo country, to the town of Quesnel. As the minister said, the ultimate hope was to connect with the northern line of the Canadian National at Prince George, which is roughly in the centre of our province though we generally think of it as in northern British Columbia.

One of the difficulties faced by the P.G.E., of course, is the fact that because of its isolation, because neither its terminal at Squamish nor the terminal at Quesnel has any other railway serving it, it has not had the traffic which it might expect. At various times various provincial premiers have tried to sell the P.G.E., either to private railway lines or to the Canadian Pacific or to the Canadian National. These latter two lines never showed much interest in it, no doubt for the reason that it did not connect with the existing Canadian National or Canadian Pacific systems. When Byron Johnson became premier of British Columbia in 1947 he declared that if he could not sell the P.G.E. he would try to complete it, so we would not have it as a white elephant on our hands for all time. The northern gap between Quesnel and Prince George now is being completed, a distance of some 82 miles through country fortunately not as difficult as the southern end. The estimated cost of completing this gap is around $8 million. When completed it will give the P.G.E. its first link with some outside railway line, connecting as it will with the Canadian National transcontinental system to Prince Rupert at the town of Prince George. This will help the P.G.E. and also the C.N.R.,

which will then have an exclusive opportunity to carry on its lines the traffic coming from the great Cariboo country.

Having announced this plan and construction having actually started, Premier Johnson then asked for federal assistance. I was very glad to give him what support I could. He first asked for an interest-free loan for the period of construction of the line, to commence bearing interest once the line was in operation. It was not thought desirable to set a precedent like that but, as the minister has just pointed out, it was found that in 1912 or 1913 the federal government of the day did help the government of Ontario with a subsidy of $6,400 a mile in the construction of the T. & N.O. railway. I think hon. members will agree that a subsidy of $6,400 a mile at that time would be at least equivalent to a subsidy of $15,000 a mile in these times.

As I have said, upon completion of this construction the P.G.E. will extend from the sea at Squamish to Prince George. That will be of great assistance to the Canadian National Railways, because it will mean opening up all central British Columbia as a traffic tributary to the northern line of that railway. The federal government, however, is giving still more assistance than this. It is expected that a greatly increased amount of traffic will flow south to Squamish when this new territory between Quesnel and Prince George is tapped. When the hon. member for Cariboo (Mr. Murray) speaks I am sure he will detail the many resources of that area, where there are a great number of small sawmills, as just one example. So larger docking facilities will be required at Squamish, particularly an assembly dock at which the output of these small mills can be collected and sorted for deep-sea shipment to export markets. The Minister of Trade and Commerce (Mr. Howe) was very helpful in this respect. In the supplementary estimates this fall the Department of Public Works has included an initial appropriation of $100,000 for the construction of such as assembly dock, the total cost of which is estimated at half a million dollars.

The P. G. E., of course, will never be a profitable operation until the other gap is also completed, that is the gap between the village of Squamish and the city of Vancouver. This is not included in the present plans. The country between Squamish and North Vancouver is quite mountainous; construction would be extremely expensive at this time, and present traffic would scarcely warrant it. However, Premier Johnson has announced that he will build a highway between Squamish and North Vancouver, so this railway at least will have a bus and truck outlet from its terminal at Squamish to the city of North Vancouver.

I want to warn hon. members, however, that when this subsidy of $15,000 a mile for this construction is passed, I do not think it will be the last time this house will be asked to help in the extension of the P.G.E. Premier Johnson's avowed purpose in connection with that railway is to do what was originally intended; that is, push it through the Rocky mountains into the Peace river block, where there is great traffic in wheat and in the finest anthracite coal in Canada, and where there are also potential oil fields. At the present time the Peace river block of Alberta and British Columbia is served by the Northern Alberta railway; but from the town of Prince George in British Columbia to Dawson Creek at the end of the line, traffic now must travel back to Edmonton for a total of 947 miles. In other words, wheat moving to Prince Rupert has to travel this distance of 947 miles, whereas the actual distance between the two points is only 160 miles. Completion of the next link between Prince George and Dawson Creek will shorten the rail haul from the Peace river block to the Pacific coast by some 750 miles. At the present time the provincial government is building a road between Prince George and the Peace river block, but heavy freight such as wheat and coal will never be moved efficiently by truck; it will require a railroad.

Once that is done, of course, there will be need for much greater port facilities at the town of Squamish, including grain elevators and coal docks. In addition, this will provide sufficient traffic to justify the construction of the last link between Squamish and North Vancouver.

As the minister pointed out, this railway has trackage facilities within the city of North Vancouver, and eventually there is no doubt that this last twenty miles between Squamish and Vancouver will be bridged by a railway not along the sea but down Capilano valley following the old logging railways into North Vancouver. This will be of very great importance to our own system, the Canadian National, because it will mean a three-way link with that system: a link at Vancouver, a link up in Prince George, and then a link away up in the Peace river country, with the Northern Alberta railway. It will give the Canadian National traffic in British Columbia which that line has never had.

I want to just mention this briefly, because when we are passing this appropriation I think we should be fully aware of all the implications, since we are committing ourselves to a policy of subsidizing the extension of this provincial railway. Today British Columbia is pretty well a C.P.R. preserve as far as the most lucrative freight traffic

is concerned. The Canadian Pacific were first in the field, of course. When they came in with their main line to Port Moody, on Burrard inlet, they soon found they could do better if they moved further down, so they extended their main line 13 miles to the present site of the city of Vancouver. Nowhere along that waterfront are the C.P.R. lines more than 50 yards from the water, so they have a monopoly of the service on the Vancouver waterfront. As a matter of fact almost all the waterfront was owned by the Canadian Pacific. Since 1886 they have sold some of it to private concerns and some to the national harbours board, but the fact remains that as far as the south shore of Vancouver harbour is concerned it is pretty well a C.P.R. preserve. They got more than that. To make quite sure nobody else would have an approach to Vancouver they built a spur to the city of New Westminster, then came down the Fraser river to encircle Vancouver, so the city is completely surrounded by the railway. On the other hand the closest the Canadian National comes to Vancouver is some 15 miles, on the other side of the Fraser river at Port Mann. Our national railway actually has to come in over a United States line to reach the terminal in Vancouver; and that terminal is not on the waterfront. However, the national harbours board has a harbour board railway which does connect with the C.N.R. and go over to the north shore of the harbour.

The early leaders of the C.P.R. had thought they had completely bottled up Vancouver by having the Vancouver side of the harbour and the Fraser river as C.P.R. domain. They had forgotten that eventually a bridge would be built across the harbour to North Vancouver. The members from that area will recall how the C.P.R. blocked as determinedly as possible the construction of a railway bridge and the Lions Gate bridge. Those bridges were built and the harbour board railway does form a link over to North Vancouver. It connects with the P.G.E. North Vancouver yards.

I intend to advocate strongly that the Canadian National take over the Vancouver harbour board railway, so that the Canadian National will have the same domain on the north shore of Vancouver harbour that the C.P.R. has on the south shore. I am glad to say that this shore is now principally owned by the national harbours board. Then, when the P.G.E. links North Vancouver with Squamish, the Canadian National will not only have the north shore of Vancouver harbour as its domain, but it will have a profitable feeder line striking up through central British Columbia tapping the Lillooet and Cariboo district and linking it with the Canadian National at Prince George. It will link this part of British Columbia with the Peace river country by means of the main line of the Canadian National and the Northern Alberta Railways. This profitable line should then be bought from the people of B.C. by the C.N.R.

This investment which we are now making in the P.G.E. has long been needed. I believe it will be well worth while. Premier Johnson is to be congratulated on being the provincial premier who, at last, is doing something positive about the P.G.E. I think this federal government is to be congratulated also on helping him in this effort to expand the P.G.E.

Mr. MacInnis: I cannot do better, Mr. Chairman, than to begin with the remark that was made by the member for Coast-Capilano (Mr. Sinclair) about this subsidy, that is that the house should be aware of all the implications of the subsidy we are now giving. I believe both political parties in British Columbia are committed to the building of this line, that is the coalition and the C.C.F., but, I think, we should be aware of the tremendous financial obligation the province is assuming in undertaking to build and operate this railway. The member for Coast-Capilano said the road has been a white elephant ever since it was first operated. I am of the opinion that it will still be a white elephant when this section of the road is built from Quesnel to Prince George.

I cannot see any possibility of the road paying for itself. I was rather surprised at the estimate for the construction of the eighty-two miles which, if I recall correctly, was approximately $8 million. I am not an engineer, but I am doubtful, having in mind the estimates for other construction work that I recall, that this estimate will prove large enough to complete the road. Even after this portion is completed and the road is in operation, a very large amount of money will be required to put the first part of the road in proper operating shape. The part of the road which is now operating is not a class one railway. I do not know how railways are classified, but I would say that this would be a class three or four railway. Trains can proceed only at a snail's pace. The rails are light, and before the road can operate properly the section between Quesnel and Squamish will have to be rebuilt.

I saw an estimate of the cost of that reconstruction—I am not giving it as a correct estimate—$50 million. Then, the section from Squamish to North Vancouver will be a very costly section to build. In addition to the difficulties of the terrain, there is the objection of the residents in that area to having the railroad go through the residential

district. Perhaps one could call that a political difficulty in a certain sense, not in a party sense, but that political objection may prove more difficult to overcome than the cutting of the route through the rock. Those are important facts that we should keep in mind when we are discussing this subsidy.

I believe the financial possibilities of the P.G.E. can be understood from the fact mentioned by the hon. member for Coast-Capilano that John Hart, when he was premier of the province of British Columbia, tried many times to dispose of the road to the Canadian National, the Canadian Pacific, and to United States interests. Now, anything that John Hart could not sell must have something wrong with it, because he is an able and a persuasive negotiator. If he could not get you to buy something it was because the intrinsic value was not there. He failed to get a buyer for the road.

Mr. Smith (Calgary West): Or to give it away.

Mr. MacInnis: Someone has said he failed to give it away: I do not know, that may also be true. As I have said, I believe the building and operation of this railroad is beyond the financial capacity of the province of British Columbia. I am sure that sooner or later we shall find that out. There is a large investment there now but it will be a still larger investment eventually, and some day this government will have to step in and take over that road. We might as well face that today as face it in five or ten years' time.

Why do I say it is beyond the capacity of the province of British Columbia? I admit at once the possible wealth of the area that is going to be tapped by the present extension—Quesnel to Prince George. Perhaps there is still greater wealth in the section—Prince George to the Peace river country. I believe that Canadian railways are going to be in a difficult position in the next few years. This is important for us as members of parliament, because if there is any country in the world in which railroads are essential, it is Canada. Owing to the commodities that are carried over our railways and the size of the country, railways in Canada are essential. Then we must make up our minds about one or two things. Either we are going to pay subsidies to our railways so that they can operate, or we are going to provide revenue for the purpose by higher rates. Here is where we meet the greatest difficulty: The competition facing railroads is increasing every day. The bus, freight truck and air line are faster and more mobile than the railways. The result is that they are taking the cream of the passenger, express and freight traffic. The only thing that goes over the railways is the long haul, heavy material that cannot be carried easily by truck or aeroplane. All the good paying freight, express and passenger traffic now moves over the transportation systems I have mentioned. As roadbuilding is improved—and there has been considerable improvement in roadbuilding in British Columbia during the past three or four years and there will be more in the future—that competition will increase.

I think the time has arrived when this government and the government of British Columbia should be realistic in the matter and start discussions with the Canadian National Railways. I think some arrangements should be made with the Canadian National Railways with the view of that company taking over the Pacific Great Eastern railway. As I said, we shall have to subsidize the railroads in any case. I think probably the ultimate solution is to co-ordinate all railroads and air traffic and have one complete system. That perhaps is in the future, but may not be so far in the future as we think. Before we put much more money into subsidies I think we should know exactly what we are doing, where we are heading and what the ultimate cost is going to be.

Mr. Murray (Cariboo): As the member for the district through which the northern reaches of the P.G.E. are being extended I suppose it would be my duty to say something in support of this measure. The hon. member for Coast-Capilano has ably and brilliantly set out most of the facts and I would be duplicating what has already been said if I went over the early history of that railway. It was launched by the Conservative government of British Columbia and by a distinguished statesman, the late Sir Richard McBride. Although I happen to be identified with the opposing party, the longer I live the greater appreciation I have of the splendid vision and the statesmanlike character of the late Sir Richard McBride. It is true that there have been deficits and that the railway is not in a flourishing condition. Yet last year it paid $1 million in revenue, paid its operating expenses and paid for extensive improvements as well on the short section of it which is now built. But it stands as a living memorial to those who built it, and a rebuke to those who procrastinate, who are afraid to move forward, who see all the hazards and difficulties in that part of the country but have not the enthusiasm and youth of my friend the hon. member for Coast-Capilano, and the courage to step forward with a project which was well thought out in the beginning and which within the lives of men in this parliament will prove to be one of the greatest assets in the Dominion of Canada.

This railroad will be connected at Prince George with the Canadian National Railways; that action of course will vitalize it and will also vitalize that western portion of the Canadian National Railways from Jasper to the coast which is now not getting the sort of assistance it should have. That is an extremely rich part of Canada, yet the railroad service from Jasper to Prince Rupert, B.C., is of a limited character, and the required energy is not being put forward in developing the industries tributary to it.

I have heard some reference to the Canadian Pacific Railway. While I am no champion of the Canadian Pacific Railway, I want to say that when they put their line through southern British Columbia their directors and their men went in and developed the coal, the mines, the sawmills and the natural resources of that country, rightly or wrongly, and they laid the foundation for what exists in British Columbia today.

The great mining operation at Trail, the Consolidated Mining and Smelting Company of Canada, had it not been for the genius of the late James J. Warren and the men who were around Shaughnessy, would be an abandoned mineral claim today instead of being the great operation which it is, employing thousands of men and pouring wealth into British Columbia and this country, being one of the greatest metallurgical plants on the face of the earth.

Up in northern British Columbia there are resources equal to those in the Kootenay country. All we need is to have operating our railways men with the imagination and genius of those who launched the railways elsewhere in British Columbia. As to losing money on this division, I repeat what I said a few minutes ago in this chamber, namely, that there never was a railway started in Canada which was not assisted either from the dominion treasury or from the treasury of one of the provinces. I will challenge any hon. member to check up on any of them and show me one instance in which lavish grants of money or great grants of land were not made. One needs to step only a few feet from the entrance doors of this building to see the Rideau canal. How did it come into being? Why was it built?

Mr. Smith (Calgary West): That is what I want to know.

Mr. Murray (Cariboo): The hon. member for Calgary West knows a great deal about oil. He should study up on transportation.

Mr. Gibson (Comox-Alberni): The army went to work.

Mr. Murray (Cariboo): The Rideau canal served its day and generation as a great trunk system of transportation and it was built by the taxpayers of the then Canada. Today it is a tourist attraction and a beautiful one. It memorializes the early history of this land.

But to return to British Columbia, we have a situation there today which is unique in Canada or in the British commonwealth. My riding is nine hundred miles long and in one place it is five hundred miles wide. This summer I tried to proceed from one end of the riding to hold a meeting in the southern part. I had a motorcar, and I wanted to get in there so that the motorcar could be used in getting around to meet the voters and to give them the good gospel. I was obliged to travel two thousand miles to get to that meeting.

Mr. Smith (Calgary West): What brand of gospel is that?

Mr. Murray (Cariboo): Of salvation and light; of progress and development.

The town of Fort St. John is located fifty miles from the railway. It is quite a flourishing town as the Minister of Agriculture will know. He is one minister who comes around, sees us, and meets the farmers and the settlers at Fort St. John and elsewhere up through the Peace river country. Fort St. John is fifty miles from a railway, and yet that town is a modern and progressive place. I can take you to a soldier settlement which was put in there not so long ago, and which is seventy miles from a railroad. These men were put upon lands there which are extremely fertile. This year their crops were good, but they must haul those crops fifty miles, sixty miles, seventy miles, and in some other parts of the district one hundred miles, to the railroad.

I know young people in the Peace river block who were old enough to vote, and who voted for me in the last election, who had never seen a railway or a train or had never heard a train whistle outside the motion picture shows. I say that is not good enough for Canada. These railroads should be extended into these fertile areas. The old order of procedure was to build a railway and expect the settlers to come in following the railway. That was the order in Manitoba, Alberta, Saskatchewan and in southern British Columbia to some extent. Today we have in the Peace river country settled communities far removed from a railway; and this work we are going to do today in granting this subsidy or loan will be the first step in providing those far-flung communities with direct transportation to the Pacific coast.

I have here a record showing the acreage up in there which could be settled by families. There are millions of acres, but I shall not burden the committee with the statistics. As the hon. member for Peace River said the other day, we imported something like $230 million worth of coal from the United States, paid United States dollars for it, and depleted the resources of Canada to that extent.

The railway about which we are talking today would develop a coal area which would enable us to supplant American coal in the Canadian market. This is not a figment of the imagination; it is a fact which can be confirmed by geological survey, at the university of British Columbia or in the mines branch at Victoria. The information is on record.

I would refer the committee to a book published by the mines branch here in Ottawa entitled "The New Northwest", containing tables and statistics bearing upon all the natural resources of the area which this Pacific Great Eastern Railway will open after it is extended beyond Prince George. Not only is this a great farm area and not only are there great mineral resources, but also there is the greatest remaining stand of soft woods on this continent, which would then be near transportation and made available to the pulp and paper industry, to the sawmill industry and to industrial development generally. That is the first stage of the development of that country, should the railway be extended beyond Prince George.

The next step would be to send it farther up to Hay River, into that country where uranium is being produced, where oil is being produced, and where there is a vast area of agricultural, mineral and fishing resources available, awaiting good transportation to the markets of the world—and that would naturally be to the Pacific coast via Prince George and the Pacific Great Eastern Railway.

I do not wish to speak at greater length. I would hope however that the committee would endorse this move to focus attention on the Pacific Great Eastern, get it on its way and have it extended beyond Prince George up into the Peace river country and, later on, up to Great Slave lake, so as to service that great hinterland of northern Canada.

Mr. Fulton: Mr. Chairman, we have heard interesting talks this afternoon in support of the resolution. I think it is appropriate that I speak at this point, and point out to you and the members of the committee that we have now heard from the hon. member for Coast-Capilano, in whose constituency the railway starts; we have now heard from the hon. member for Cariboo, in whose constituency it stops: perhaps it is time we heard from the member through whose constituency the railway runs.

As a matter of fact about 250 miles of the present 340, in rough figures, run through the constituency of Kamloops. I agree fully with those who have spoken before me to the effect that we should know more about the implications of the resolution before us. I agree fully with what has been said by the hon. member for Coast-Capilano and the hon. member for Vancouver East, that probably this will be only a beginning. We in British Columbia certainly hope that it marks only the beginning of the completion of the Pacific Great Eastern Railway. I do not think it would be an exaggeration to say that the railway will not serve its true purpose until it is completed up into the Peace river country.

Mr. MacInnis: Completed at both ends.

Mr. Fulton: The hon. member says, "completed at both ends". I believe the most important part—well, no; perhaps it would be difficult to say which is the more important, for reasons which I shall indicate later.

Mr. Smith (Calgary West): You are playing the middle against both ends, are you?

Mr. Fulton: As has been pointed out, the hon. member for Calgary West knows a good deal about oil. However his knowledge of transportation may have some gaps which should be filled in—and which I shall endeavour to do.

In the Cariboo range country there are, in extent, some of the largest cattle ranges in Canada. Those are the people in whose position I am most interested this afternoon because they have no adequate outlet by rail to their market in Vancouver. They have no adequate railway communications over which they can get feed grains. Their normal outlet for cattle to market would be through Vancouver. The place to which they would look for their feed grain required to bring their cattle to a marketable condition is the Peace river district.

Perhaps the hon. member for Calgary West, with his great knowledge of logic, will tell me which of those aspects is the more important—because, frankly, I confess that for my own part I cannot decide whether it is more important to complete the first outlet to the market, or more important to complete the line inland so as to prepare the cattle for market.

I do know however that we are now commencing with the construction of the railway to Prince George. It seems logical therefore to look as a next step for the completion of

the railway up into the Peace river area. The hon. member for Cariboo has dealt with some of the resources of that country. It has been pointed out that that particular area is served at the moment only by the Canadian National Railways main line through Prince George up to Prince Rupert.

I would leave with the committee this point for consideration: It seems to me high time that the Canadian National Railways took a greater interest in the Pacific Great Eastern. I do not altogether agree with what was said by the hon. member for Coast-Capilano when, as I understood him, he implied that the Canadian Pacific had a virtual monopoly of the productive freight in British Columbia. Of course members from the coast and the interior of the province of British Columbia find to our cost sometimes that some people tend to think of the province as centering around Vancouver, and they forget the great productive areas of the interior of the province which produce large quantities of paying freight.

The Canadian National now serves the Okanagan fruit country and the lumbering country of the northern North Thompson valley, and the Prince George area. It serves of course the commercial and industrial plants of New Westminster and the Fraser valley, as well as sharing with the C.P.R. the freight revenues from the Fraser valley agricultural land. So the Canadian National has a very considerable stake in British Columbia.

The result of this expansion of the Pacific Great Eastern is to link that railway up with the Canadian National at Prince George. It it, in a sense, a gift to the C.N.R. I certainly hope the national railways will no longer continue to wait for things to fall into their lap in connection with this particular railway, and that they will show that interest in it which its potentialities as a revenue-producing line fully justify.

I trust the management of the Canadian National on their part will work in cooperation with the province for the completion of the railway up into the Peace river. In turn, I hope that they will press for, and cooperate with the province in the eventual completion of the railway to Vancouver, to link up with the other terminal of the Canadian National.

I have not much more to say. This is a project which in my view has been too long delayed. I turn to the debates of 1946 when the former member for Cariboo raised the subject. One is amazed upon looking at the record to find how often the extension and completion of the Peace River Railway has been promised, and how unfortunately promises have exceeded performance. It was pointed out in the debate that at one time the late Sir Henry Thornton promised to build a line into the Peace river country when the export production of wheat reached 10 million bushels. That figure has long been reached and passed, it being now away past 20 million bushels; but we are still waiting for the rail link with the Peace river.

I support this resolution on three grounds. First, because it will provide an intermediate link on the railroad which will help to develop our province. Second, because it will be a step in the development of our railroad system which will connect our interior with the prairies and Peace river markets, thus enabling our cattle ranchers to bring in their feed grain at reasonable rates from the logical place in which to get it. Third, because it will be one more step in the completion of the railroad to provide those people with an outlet to their logical market in Vancouver.

Mr. MacDougall: Mr. Chairman, I had not intended to take part in the debate on this resolution, but as one member from the constituency through which this line will run and two other members who come from constituencies at the two terminals of this line have taken part in this discussion, and in a most able manner, I feel that I as a British Columbian who has only a general interest in this resolution should rise at this time to correct what possibly might be an inadvertent error by the hon. member for Vancouver East. The hon. member referred to the future costs of building railroads, and I think his statement in that connection is quite true, but he then implied that the Hon. John Hart, while being an excellent salesman, had failed in the job of selling the Pacific Great Eastern railway to the Canadian Pacific and the Canadian National. I think that statement created a wrong impression which the hon. member for Vancouver East did not intend to leave.

From what was said it might be assumed by the hon. members of this house that this railroad was more or less of a white elephant. I think we are all agreed that the future, not only of British Columbia but of Canada generally lies in the things that grow. During the last two years it has been my privilege and honour to be associated with the pioneers of the Peace river country. In this instance I am not boasting about my own specific constituency, but I feel I can truthfully say that the area through which this resolution will make possible the building of a railroad line is one of the finest areas on the North American continent.

Getting back to the failure of the Hon. John Hart to sell this railroad to the Canadian Pacific and the Canadian National, despite

the fact that Mr. Hart is a very able salesman, I ask hon. members here what they would have done had they been the president of the Canadian Pacific or the president of the Canadian National? The presidents and boards of directors of those railroad companies knew perfectly well that the tremendous natural resources in that north country would have to move east over either of their railroad lines. They knew that if and when the provincial government or some private organization eventually completed that line their railroad lines would benefit. That being axiomatic, it is natural that they were prepared to wait until such time as these products did begin to move down to the ocean terminals at Vancouver or North Vancouver.

I am sure that if any one of us had been the head of either of these railroads and were asked by Mr. Hart to invest money to extend that line, knowing full well that if the line were completed the other two lines would be the beneficiaries, he would have waited until that development occurred. The extension of this line is going to provide a tremendous lift, not only to British Columbia but to the general welfare of all Canadians from the Atlantic to the Pacific.

Mr. Low: I want to support the resolution as it has been proposed by the Minister of Transport. I was interested in the speeches already made on this matter and am in full agreement with practically everything that has been said. I do not represent a constituency through which the proposed line will run, but I do represent a district which will contribute, perhaps indirectly, to the success of the new line when it is built.

The full value of the Pacific Great Eastern railway can never be realized until it is finally linked up with the Northern Alberta Railways, as the hon. member for Coast-Capilano so well said. That being the case, I can assure the minister that he has not heard the last of the requests for subsidies for railroads. He is going to hear more of these in the future, not only from those people who are determined to see a link built between Prince George and Dawson Creek, but also from those who are determined to see a link built between Hines Creek on the north side of the river and perhaps Hazelton and Prince Rupert to the west.

We are up against a real problem there and I should like to draw this to the attention of hon. members who may not know the situation. Northern Alberta Railways operate between Edmonton and Dawson Creek on the south side of the Peace river. There is a branch running from McLellan, just above Lesser Slave lake, up through Peace river and into Hines Creek on the north side of the river. A number of years ago this line was purchased by the Canadian Pacific and the Canadian National and has since been operated under their joint ownership but still under the name of Northern Alberta Railways. Because of the fact that both great railways of Canada are interested in its ownership and management, neither of them can ever come in and threaten the monopoly that exists. There has never been any serious threat from highway competition to the monopoly that exists under the Northern Alberta Railways owned jointly by the two great transcontinental systems. That situation is gradually being improved as British Columbia and Alberta build better highways. We hope that some time the competition will be great enough to needle the two old companies into doing something about the extension of these branches and filling the gaps so that there will be a northern system linking up with Prince Rupert north of the river and back into Saskatchewan, as has been so well put before the house on various occasions by the hon. member for Athabaska.

One thing that the minister ought to take into consideration is this. The fact that there is a monopoly today will require that the government take rather unusual action to get something done about the extension of these routes. There is no doubt in my mind that the traffic is already there. As the hon. member for Kamloops has so well stated—and it is a fact—the Peace river country today is producing over 20 million bushels of wheat a year, and that is only one product. It is also producing millions of bushels of oats and barley, thousands of head of livestock, much pulpwood and lumber, and in many sections seed production is now reaching great volume.

Have the railways lost their pioneering spirit? Have they grown fat and lazy in their middle age? They must be needled into a more venturesome spirit. I wonder if it would not be well to call in question their right to hold a charter if they do not get busy and fill these gaps so that there may be a western outlet, and thus prevent the long backhaul of over 500 miles around through Edmonton and out to the Pacific coast, where much of the produce has to go. If I were in the minister's seat today I would seriously consider calling their charters in question.

The Deputy Chairman: May I ask the hon. member if he is speaking to the resolution?

Mr. Chevrier: He is not speaking anywhere near it.

Mr. Low: Pardon?

Mr. Chevrier: The hon. member is not speaking to the resolution at this time.

Mr. Low: Perhaps I have been speaking about a corollary of the resolution. I started in by stating that the full value of the Pacific Great Eastern can never be realized until the link between Dawson Creek and Prince George is completed. That is a matter which must be considered in connection with this particular resolution. If the minister is going to lay down the principle of subsidy at the rate of $15,000 a mile to help to complete the link between Quesnel and Prince George, which I am told is a distance of some eighty-two miles, then he must also be prepared to give consideration to means by which he can make that subsidy, which will come out of the taxpayers' money, repay the people of Canada for advancing it.

It is not going to be enough to subsidize this small link. That does not help the situation materially although it may provide an inlet to the Pacific Great Eastern, but what are they going to do about an outlet on the south, as the hon. member for Coast-Capilano has said? A link will have to be furnished there eventually. Furthermore, to obtain a sufficient volume of traffic without any question they will have to back in from Prince George to Dawson Creek. It is that aspect I want to emphasize now. I also want to stress the fact that eventually the minister is going to be approached for subsidies on these other links because they are just as important to the economy of Canada, and to the welfare of a great many human beings, as the link we are now considering. I support the resolution.

Mr. Smith (Calgary West): I assure you I will not keep you very long. I think I am in favour of the resolution, but I want to make sure that we go into it with our eyes open. To that end I should like the minister to answer three questions. First I want to know the basis of the subsidy. I know the amount, and I know the estimated over-all cost of the mileage. I wonder, for example, if defence might not be one of the reasons.

Mr. Chevrier: I did not hear that.

Mr. Smith (Calgary West): I wonder if defence might not be one of the prime reasons for the resolution. One would suppose there must be an agreement between the province of British Columbia and the dominion government. I would think that agreement would be in writing. If there is one I should like to know its terms and have a look at it. I think the minister has already said that he intends to refer this measure to a committee.

Mr. Chevrier: No, I have not.

Mr. Smith (Calgary West): I beg your pardon. Then perhaps at some time the minister might let us know that. I have no hesitation in saying that the House of Commons may as well understand, as was so well put by the hon. member for Coast-Capilano, that this is only the beginning. In order to have all these rich speculations and promises come true that have been made by various hon. members, it is going to cost a good deal more money than is mentioned in the resolution. It may run into a considerable sum. Even so, I am still in favour of the resolution. There is one rather major difficulty that is bothering me. If I am correct in assuming—and I have some support for doing so from what other hon. members have said—that this is the beginning of a major expenditure, then may I ask whether the minister or the government has considered an alternative scheme, namely, the one we are adopting in connection with the Temiscouata Railway. Would it not be advisable, owing to the major expenditures which are being undertaken, that the P.G.E. should also become a part of the Canadian National Railways for which system we are accustomed year by year to vote money to cover deficits.

I believe the hon. member for Cariboo said that there is enough coal for the whole of Canada in the area to which he referred. Apparently he has not followed the rate discussions which have taken place before the Board of Transport Commissioners for Canada in times past as to the freight on coal to eastern Canada from areas much closer than this will be. The simple fact is that the freight on a ton of coal from that area to Toronto would be well above the $8.55 which is the rate from a closer point, even with a subvention paid by the dominion government to producers of coal in nearer areas. Therefore—and I speak most respectfully because I think the speech made by the hon. member was a fine one—with the exception of a market on the Pacific coast I do not think the coal we shall find there will be of any use to the rest of the Dominion of Canada. The prairies themselves produce the kind of coal they want, and I cannot see that within my time in any event we will be putting British Columbia coal into the heavy market here in central Canada.

Then someone spoke a moment ago about our having this railway, and the tremendous benefit it would be to the Canadian National and Canadian Pacific. Well, it has been lying at their doorstep all these years; and while the hon. member for Peace River may be able to say that they have lost their pioneering spirit—as a matter of fact they have lost their shirt with it—and are afraid to take a chance, I do not think they are so dumb that if it

would have been any advantage to them they would not have picked up this great P.G.E. railway, which is a white elephant now. There is no question about it; it has been a white elephant for a great many years. Yet I am still in favour of this legislation.

Now I put forward this proposition. It seems to me that we are now embarking upon a major venture, namely the revival of the subsidization of railway construction. If that be so, a great broad question immediately presents itself, as to whether it should not be taken over by the system we already own, which has very able men at its head. In fact some of them are so able they can go to New York and make speeches concerning things about which they know nothing. But I make that point, in regard to who is to be in charge of the operation of this line.

I conclude by saying I believe that is something to which a great deal of consideration might be given. No doubt the minister will be able to tell us that he has already considered that point, and will give his reasons for adopting this method rather than the one I have suggested. Finally, Mr. Chairman, I believe that even at considerable cost we should try to do something for those pioneers who have gone into this area, some of whom are from seventy to ninety miles from railhead, who bring in their goods as best they can and ship what they produce an extra five hundred miles around through to Edmonton. That is by Canadian National of course; much of it goes around through Calgary, because hon. members will find that the freight rate from Edmonton to Vancouver direct is exactly the same as the rate through Calgary. The people who have gone in there have done splendid things. They have won the highest prizes in the world with their wheat and other grains. They need encouragement, and the opening up of the area will do immense good not only to the people immediately involved but to all Canada.

Just in order to bring the hon. member for Kamloops up to date on my knowledge, or lack of it, in connection with railways, let me tell him that in 1905, when the only issue was the construction of the Grand Trunk Pacific railway, I supported my uncle, D. W. Bole of Winnipeg, who beat Sanford Evans. I was then a good Liberal; but I had done that much politically before he was born, so at least I had that much of a start.

Mr. Chevrier: There is always time to come back.

Mr. Smith (Calgary West): Winston Churchill has been the only person to prove the fallacy of that. It is a fallacy that you can change more than once; only Churchill could change twice and get away with it.

May I say also that I have attended more freight rate investigations before the board of transport commissioners than anyone else in this House of Commons.

An hon. Member: Perhaps that is why they are so confused.

Mr. Smith (Calgary West): There is one thing I am happy about; I love my confusion and respect it more than I do my hon. friend's knowledge of railway matters. But may I conclude by saying that I approve of the bill. I think it is a step in the right direction; but following the major expenditures which were explained to us by the hon. member for Coast-Capilano I believe the matter will become much more serious, and finally I am quite sure this little railway will fold up, as all little railways in Canada are folding up, and that day we will have it as part of our national system.

Mr. Chevrier: If I may immediately answer the three questions asked by my hon. friend—

Mr. Harris (Danforth): I am sorry to interrupt the minister, but in order to save time perhaps at the same time he would answer a question that comes to my mind. In the first place, is the traffic there? The hon. member for Vancouver-Burrard thinks it is. The hon. member for Kamloops is quite sure it is there. I can understand that the livestock might be there and the oats might be there. As far as the coal is concerned, it is there but I am afraid it will stay there; it will not reach the markets in Montreal and Toronto.

But having said that much let me say this. I do not know of any province that has gripped the imagination of the Canadian people, especially those who have come back from overseas, as has British Columbia. Therefore I am of opinion that, having regard to those who will come after us, we must recognize that that province has the most marvellous potentialities, and that we from our places in this house should show some initiative and some drive to assist any undertaking which will help that province to properly look after those who are going there in thousands. We should help give them something to do; we should help provide an outlet for what they produce from the God-given resources that are to be found in that province. So from that point of view I am anxious to do anything that can be done to help our friends from British Columbia to develop those wide open spaces out there, and the tremendous natural resources of that province.

Someone to my left asked, "Are we getting fat and lazy in Canada?" My answer to the leader of the Social Credit party is, pray God

we are not getting fat and lazy. We are ready to develop this country, because no other country in the world has such resources ready for development. It is our duty to provide some initiative, and one way of doing that is to support this bill. I notice the minister smiling. He is from Ontario, just as I am. I am thinking of the whole of Canada; I am not thinking of Cornwall or Toronto or any other particular place. We have a population here not nearly large enough to develop the resources which are at our doorstep, which should be developed for the benefit of the whole world, though I do not want to get on that strain.

Mr. Chevrier: I was smiling not at my hon. friend, but because I was waiting for the question he is going to ask. He is proceeding to make a rather lengthy statement.

Mr. Harris (Danforth): This will be a short session, and you will get the question quickly enough. I hope, Mr. Chairman, when the minister does get the question that he is qualified to answer it.

Mr. Chevrier: I am wondering whether the hon. member is qualified to ask it.

Mr. Harris (Danforth): I am not quite sure, Mr. Chairman. I have never yet bragged about my qualifications, but I will match them not only against any member in this chamber, but also against the minister's. I do not want to brag, but I shall ask the voice of experience to answer my question in a moment. I do not know what the rush is. I was hoping we might sit here long enough for some of the members to collect their fifty days' pay.

The question I want to ask the minister is based on the following fundamental idea: Is the population now, plus the influx into British Columbia, large enough to warrant us, as members of this House of Commons, voting for this bill? I believe it is, and I am ready to vote for this bill. I am ready to vote for anything that will aid in the expansion of this country or that will enable us to absorb a greater population.

I now come to the straight question which the minister wanted me to ask. Is the traffic there? Are the livestock, oats, coal and other products in that area in such a quantity that they will find their way to a market? I know that the coal will not find its way to Toronto or Montreal, but a great deal of coal is consumed in the area between British Columbia and Winnipeg. Has that been measured? Has an estimate been made of the amount of coal that might be consumed, first in the area around Vancouver and, second, between there and Regina or Winnipeg? Can anyone say that the coal produced in this area can be absorbed along the line?

I feel, Mr. Chairman, that we are in this position: Canada has abundant resources, but an insufficient population. I think we should be seized with the idea of the magnitude of our responsibility to civilization. For that reason, after I receive a reply from the minister as to whether or not the traffic is there, I feel disposed to vote for this legislation.

Mr. Green: Before the minister replies to those questions, there are two questions I should like to place before him. Some remarks have been made this afternoon which were rather disparaging to the Pacific Great Eastern Railway. I think it would be unfortunate if the members of this house were left with the impression that the railway is nothing but a white elephant. It has had a great deal to do with the opening up of the interior of British Columbia. It is the most friendly railway in the country and I always enjoy riding on it. That has been discovered not only by the people of British Columbia; many tourists from the United States ride on the railroad because it is so different from the transcontinental lines. It has an attraction for the people from the United States as a railway on which to take a holiday trip. As the line is extended to the north, that will be even more true.

One other feature which the member for Coast-Capilano (Mr. Sinclair) did not mention was the agreement between the province of British Columbia and the Grand Trunk Pacific to the effect that passengers and freight destined for Vancouver would be routed over the Pacific Great Eastern via Prince George. That was one of the main reasons why the province of British Columbia went ahead with the railway. When the Grand Trunk Pacific got into financial troubles and was eventually taken over by the Canadian National Railways, the main line to Vancouver went from Red Pass Junction down through Kamloops over the line of the old Canadian Northern. All that freight and passenger traffic which would have gone over the Pacific Great Eastern from Prince George to Vancouver was lost to the provincial government railway. The dominion certainly has a moral obligation to help the Pacific Great Eastern Railway, in addition to what benefit will be gained by the dominion as a whole through the help given to the railway. I hope that this payment of $15,000 for a few miles will not be considered as settling any obligation that the dominion may have.

Turning now to my two questions, I should like the minister to tell me what the policy

of the government is with regard to subsidizing the road from Prince George north. Personally, I believe the government should be willing to offer the same amount of subsidy to the British Columbia government for construction from Prince George north into the Peace river country. It is almost unbelievable that a progressive people such as the Canadian people would not have insisted on a western outlet from the Peace river country many years ago. The minister's reason for taking over the Temiscouata Railway was to aid settlers. Thousands of settlers have gone into the Peace river country and been left to fend for themselves. I am asking what the policy is to be with regard to subsidizing the road north of Prince George.

The second question has to do with a proposal which is receiving consideration in the United States. It has to do with building a railway from Prince George to Alaska. I have seen a press dispatch dated October 26, under the heading "Bill for Railroad Canada to Alaska Signed by Truman". That is not a very accurate heading, but apparently what has happened is that the President has signed a bill which gives him the power to negotiate with the Canadian government with a view to extending the railway system which will now terminate at Prince George to the territory of Alaska. It further gives him power to cause surveys to be made, plans, specifications, cost estimates and budget requests to be prepared for the purpose of constructing a railroad connecting the existing railroad system terminating at Fairbanks, Alaska, with this railroad system extending from Prince George to Alaska.

A few days ago I asked the following questions of the government:

Have there been any negotiations between the government of Canada and the government of the United States concerning the construction of a railway through Canada to Alaska?

Have any surveys been made or authorized by the Canadian government in connection with such a railway?

The answer to question No. 1 was as follows:

There have been no formal negotiations, but informal discussions took place in September and October, 1942.

That was seven years ago, and apparently there have been no negotiations since that time.

The answer to the other question was:

Yes, the Canadian government authorized the United States army engineers to make a survey in 1942.

I do not know whether the United States engineers actually made that survey. I suggest that we should have from the minister some information concerning this United States proposal, because it seems to be one which might be of great interest to Canada. Half of the province of British Columbia lies north of the main line to Prince Rupert. Everyone in British Columbia therefore is vitally concerned with developments in that part of the province.

Mr. Chevrier: There is not a great deal of time left but in the few minutes that remain before six o'clock I shall try to cover the questions.

The hon. member for Calgary West put three questions to me. The first was: What is the basis of the subsidy? Is this a matter of defence? When he used the word "basis" I presume he was not concerned at all with the question of financial basis. I see that the hon. member is not in his seat now, Mr. Chairman.

Mr. Green: I think perhaps he meant the reason for the bill—if that was the reason.

Mr. Chevrier: The answer is that, so far as I am aware, the only reason for a subsidy is the increased traffic which the owners and operators of this railway, the British Columbia government, feel they will get from this extension. Their chief engineer has advised my department that if this extension is made it is expected that nine billion feet, board measure, of standing timber suitable for the production of lumber, newsprint, pulpwood, plywood and other wood products are available in that area and can be taken down that railway to Vancouver and other centres. Then it is possible, probable even, that successful mining operations, such as in the Wells-Barkerville section, can be promoted; there are sections of agricultural and grazing lands than can be opened up to colonization; and last but not least, hydroelectric power potentialities are available in the Quesnel area. The British Columbia government are proposing to develop hydro power in the Quesnel area, and also the establishment of a pulp and paper business there, which will provide traffic for the railway and encourage development and settlement of the central area. So far as I am concerned, that is the basis of the subsidy—the increased traffic potential which will develop from the extension.

The next question asked was: Is there an agreement between British Columbia and the dominion government? There is none. The next question was: Why is this railway not taken over in the same manner as the Temiscouata Railway? Why was the Canadian National Railways not instructed to take this over? That matter was not even considered. There was no necessity for considering it because the government of British Columbia came here and asked for the subsidy. In fact, as the hon. member for Coast-Capilano mentioned, they first of all discussed a loan and

after some further negotiations a subsidy was suggested from the dominion and that is the only proposal which arose at that time concerning the method of assistance. Of course the other question did not arise. I could go into that and give excellent reasons why there is a difference between the position with reference to the P.G.E. and that with reference to the Temiscouata railway, but I do not see that it is relevant in the circumstances.

Then the question asked by the hon. member for Danforth is answered, I think.

Mr. Harris (Danforth): It is already answered.

Mr. Chevrier: Yes, That is what I was going to say. Let me tell my friend the hon. member for Danforth that I meant no offence to him a moment ago when I smiled. As a matter of fact, the hon. member for Vancouver-Quadra knows that I was smiling at him because of a remark that he had made.

Mr. Harris (Danforth): The record is clear; I am satisfied.

Mr. Chevrier: Two questions which were asked by the hon. member for Vancouver-Quadra are quite easy to answer, I think, although I know the answer will not be to his satisfaction. One was: What is the policy of the government with reference to further extensions? This resolution seeks authority for a subsidy for 82·7 miles of railway, and that is the only thing with which parliament or the committee is concerned at the moment. As to future subsidies, they will be considered at the time and the policy of the government will then be announced.

I hope that some day it will be possible to grant what has been asked by various members by way of extension up to Finlay Forks in order to meet the junction of the Northern Alberta railway at the terminus at Hines Creek and Dawson Creek on the north and south sides of the Peace river. I am not saying that will be done, but I hope it will be possible to do that.

As to the second question, with regard to the proposal of the United States, I understand that the bill to which my hon. friend referred has been passed by congress. Until representations are made on the official level by the United States government to the Canadian government, it is impossible to consider the question of a survey such as my hon. friend suggests.

Mr. Green: Would Canada participate in a survey?

Mr. Chevrier: I think the answer would depend on whether or not we are invited to participate. At the moment I am not aware that we have been invited. When we are invited, I presume we shall look at the position then.

Resolution reported, read the second time and concurred in.

Mr. Chevrier thereupon moved for leave to introduce Bill No. 146, to authorize the granting of a subsidy to the government of the province of British Columbia in aid of the construction of an extension to the Pacific Great Eastern Railway.

Motion agreed to and bill read the first time.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

Mr. H. W. Winkler (Lisgar) moved that the house go into committee to consider Bills Nos. 15 to 59 inclusive and 67 to 103 inclusive:

Bill No. 15 for the relief of John Henniker Torrance.—Mr. Winkler.

Bill No. 16 for the relief of Edith Harriet Black Hambly.—Mr. Winkler.

Bill No. 17 for the relief of Margaret Reid O'Connell.—Mr. Winkler.

Bill No. 18 for the relief of Alton Charles Bray.—Mr. Winkler.

Bill No. 19 for the relief of Kathleen Gertrude Macartney Dorken.—Mr. Winkler.

Bill No. 20 for the relief of Louise de Forest MacAlpine.—Mr. Winkler.

Bill No. 21 for the relief of Jessie Fraser Blaiklock Stewart.—Mr. Winkler.

Bill No. 22 for the relief of Alice Lafond Burnham.—Mr. Winkler.

Bill No. 23 for the relief of Muriel Annie Elizabeth Hicks Kurtzman.—Mr. Winkler.

Bill No. 24 for the relief of Robert Walsham Herring.—Mr. Winkler.

Bill No. 25 for the relief of Leta Helen Butler Waller.—Mr. Winkler.

Bill No. 26 for the relief of Violet Blodwyn Young Murdoch.—Mr. Winkler.

Bill No. 27 for the relief of Joseph Tannenbaum.—Mr. Winkler.

Bill No. 28 for the relief of Isabel Christine MacLean Robinson.—Mr. Winkler.

Bill No. 29 for the relief of Marie Annette Vallieres Handfield.—Mr. Winkler.

Bill No. 30 for the relief of Nicholas Kouri.—Mr. Winkler.

Bill No. 31 for the relief of Viateur Fortier.—Mr. Winkler.

Bill No. 32 for the relief of Lois Elizabeth Rolph.—Mr. Winkler.

Private Bills—Divorce

Bill No. 33 for the relief of Madeleine Dunn Landry.—Mr. Winkler.

Bill No. 34 for the relief of Arthur Joseph D'Avignon.—Mr. Winkler.

Bill No. 35 for the relief of Jessie Gwendolyn Paul Giroux.—Mr. Winkler.

Bill No. 36 for the relief of Celia Maria Gabrielle de Costa Baxter.—Mr. Winkler.

Bill No. 37 for the relief of Dorothy Amelia Beattie Harrison.—Mr. Winkler.

Bill No. 38 for the relief of Rosaline Laham Anber.—Mr. Winkler.

Bill No. 39 for the relief of Anna Starzynski Sztafirny.—Mr. Winkler.

Bill No. 40 for the relief of Marjorie Claire Dickison LeMieux.—Mr. Winkler.

Bill No. 41 for the relief of Dorothy Ruth Brown Bailey.—Mr. Winkler.

Bill No. 42 for the relief of Lorne Bradbury Ashton.—Mr. Winkler.

Bill No. 43 for the relief of Harry James Seaban.—Mr. Winkler.

Bill No. 44 for the relief of Julia Seram Odenick.—Mr. Winkler.

Bill No. 45 for the relief of Myrtle Elizabeth Howat Brammall.—Mr. Winkler.

Bill No. 46 for the relief of Francis Gilmer Tempest Dawson.—Mr. Winkler.

Bill No. 47 for the relief of Imelda Poirier Tremblay.—Mr. Winkler.

Bill No. 48 for the relief of Joseph Charles Paul Emile Chales.—Mr. Winkler.

Bill No. 49 for the relief of Robert Mason Watson.—Mr. Winkler.

Bill No. 50 for the relief of Catherine Alexandra Mackenzie Mitchell.—Mr. Winkler.

Bill No. 51 for the relief of Irene Filion Primeau.—Mr. Winkler.

Bill No. 52 for the relief of Mary Jean Strachan Taylor.—Mr. Winkler.

Bill No. 53 for the relief of Edna Kate Folley Dickenson.—Mr. Winkler.

Bill No. 54 for the relief of Gerald Geoffrey Racine.—Mr. Winkler.

Bill No. 55 for the relief of Yvonne Marshall Balfry Corbin.—Mr. Winkler.

Bill No. 56 for the relief of Colleen Ethel Thornhill Clark.—Mr. Winkler.

Bill No. 57 for the relief of Leith Albert Anderson Baldwin.—Mr. Winkler.

Bill No. 58 for the relief of Marie Jeanne Martin.—Mr. Winkler.

Bill No. 59 for the relief of Irene Emily Katerelos Stones.—Mr. Winkler.

Bill No. 67 for the relief of Margaret Helen Milne Ward.—Mr. Winkler.

Bill No. 68 for the relief of Lizzie Brogden Hibberd.—Mr. Winkler.

Bill No. 69 for the relief of Eric Jeffrey Burn.—Mr. Winkler.

Bill No. 70 for the relief of Agnes McIntosh McKillop McBride.—Mr. Winkler.

Bill No. 71 for the relief of Elizabeth Audrey Beauclerk Quinlan.—Mr. Winkler.

Bill No. 72 for the relief of Thelma Blanche Collins Geick.—Mr. Winkler.

Bill No. 73 for the relief of Thora Beckingham Lock.—Mr. Winkler.

Bill No. 74 for the relief of Hugh William Lloyd.—Mr. Winkler.

Bill No. 75 for the relief of Linda Emilia Wilen Robitaille.—Mr. Winkler.

Bill No. 76 for the relief of Brina Paskin Warshaw.—Mr. Winkler.

Bill No. 77 for the relief of Thomas Hanusiak.—Mr. Winkler.

Bill No. 78 for the relief of Loretta Waugh O'Dell.—Mr. Winkler.

Bill No. 79 for the relief of Marie Rita Plante Boyer.—Mr. Winkler.

Bill No. 80 for the relief of Dorothy Waxman Sherman.—Mr. Winkler.

Bill No. 81 for the relief of Laura Cohen Kaminsky.—Mr. Winkler.

Bill No. 82 for the relief of Annie Marion Lesnichuk Krushelniski, otherwise known as Annie Marion Lesnichuk Krush.—Mr. Winkler.

Bill No. 83 for the relief of Marjorie May Smart Birmingham.—Mr. Winkler.

Bill No. 84 for the relief of Anna Sandberg Goldbloom, otherwise known as Anna Sandberg Gold.—Mr. Winkler.

Bill No. 85 for the relief of Olive Frances Harper Morrison.—Mr. Winkler.

Bill No. 86 for the relief of Delphis Brousseau.—Mr. Winkler.

Bill No. 87 for the relief of Gladys McCarrick Bonnemer.—Mr. Winkler.

Bill No. 88 for the relief of Bernice Beverly Corry Cohen.—Mr. Winkler.

Bill No. 89 for the relief of Bessie Zinman.—Mr. Winkler.

Bill No. 90 for the relief of Marion Lillian Gargan Thomson.—Mr. Winkler.

Bill No. 91 for the relief of Mary Piekos Rynski.—Mr. Winkler.

Bill No. 92 for the relief of Victor Chryssolor.—Mr. Winkler.

Bill No. 93 for the relief of Blanche Ruth Serokey Smith.—Mr. Winkler.

Bill No. 94 for the relief of Raymonde Belanger Skaife.—Mr. Winkler.

Bill No. 95 for the relief of Elizabeth Maud Gwendolen Tobi Hearns.—Mr. Winkler.

Bill No. 96 for the relief of Ruby Muriel Keith Gray.—Mr. Winkler.

Bill No. 97 for the relief of Laurel Jeanne MacGregor Thomson.—Mr. Winkler.

Bill No. 98 for the relief of Edith Sara Hamilton Warlund.—Mr. Winkler.

Bill No. 99 for the relief of Donald Duncalf Birchenough.—Mr. Winkler.

Bill No. 100 for the relief of Joan Gertrude Fox Corbett.—Mr. Winkler.

Bill No. 101 for the relief of Richard William Henry Wark.—Mr. Winkler.

Bill No. 102 for the relief of Eileen Dorothy Richards Turner.—Mr. Winkler.

Bill No. 103 for the relief of Janey Beryl MacPhail Shuttleworth.—Mr. Winkler.

Mr. Gagnon: Where is the mover?

Mr. Cruickshank: Mr. Speaker—

Mr. Speaker: Order. This motion is not debatable.

Motion agreed to and the house went into committee on Bills Nos. 15 to 59 inclusive and 67 to 103 inclusive, Mr. Dion in the chair.

The Chairman: Shall the bills carry?

Mr. Cruickshank: No, I should like to ask a question in connection with this. First I want to know how many children are concerned in the first bill, and how they are to be provided for?

Mr. Knowles: There are eighty-one bills.

Mr. Winkler: We have no information on that here.

Mr. Gagnon: Louder.

Mr. Cruickshank: I did not hear the answer.

Mr. Winkler: There is no information here on that tonight.

Mr. Cruickshank: Then, Mr. Chairman, if there is no information as to how these children are to be cared for, or as to how many there are, I object to any bill submitted to this committee without that information—and I am surprised that Quebec members do not object further.

Mr. Howe: Question.

The Deputy Chairman: Shall the bills carry?

Mr. Cruickshank: No.

Mr. Gagnon: No.

The Deputy Chairman: Carried on division.

Mr. Cruickshank: On division.

The Deputy Chairman: Shall I report the bills?

Mr. Cruickshank: On division.

Bills reported, on division.

Mr. H. W. Winkler (Lisgar) moved the third reading of Bills Nos. 15 to 59 inclusive and Bills Nos. 67 to 103 inclusive.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Cruickshank: On division.

Mr. Gagnon: On division.

Mr. Speaker: Carried on division.

Motion agreed to and bills read the third time, on division.

Mr. Speaker: Mr. Winkler moves, seconded by Mr. MacLean (Cape Breton North and Victoria): that these bills be now passed and that the titles be as on the order paper. Is it the pleasure of the house to adopt the motion?

Mr. Cruickshank: On division.

Bills passed, on division.

MOTION TO RETURN EVIDENCE TO SENATE

Mr. H. W. Winkler (Lisgar) moved:

That a message be sent to the Senate to return to that house the evidence, etc., taken before the standing committee on divorce, to whom are referred the petitions on which divorce bills Nos. 15 to 59 and Nos. 67 to 103 inclusive, were founded.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Cruickshank: No—unless the hon. member explains the details upon which I asked the questions.

Mr. Speaker: May I inform the hon. member that the motion now before the house is one to return the evidence sent here previously in connection with the bills which have just received third reading.

Motion agreed to.

SECOND READINGS

Mr. H. W. Winkler (Lisgar) moved the second reading of Bills Nos. 104 to 115 inclusive, 121 to 132 inclusive and 134 to 141 inclusive:

Bill No. 104 for the relief of Edith Cohen.—Mr. Winkler.

Bill No. 105 for the relief of Ida Lindy Angel Katzman.—Mr. Winkler.

Bill No. 106 for the relief of Marian Latora Glendening Joncas.—Mr. Winkler.

Bill No. 107 for the relief of Eva Nerenberg Anger.—Mr. Winkler.

Bill No. 108 for the relief of Josephine Teweson Paul Bero.—Mr. Winkler.

Bill No. 109 for the relief of Phyllis Elizabeth Ross Erskine.—Mr. Winkler.

Bill No. 110 for the relief of Jeannette Mathilda Seymour Oswald.—Mr. Winkler.

Bill No. 111 for the relief of George Bennett Gagnon.—Mr. Winkler.

Bill No. 112 for the relief of Bertha Rudolph Holzberg.—Mr. Winkler.

Bill No. 113 for the relief of Lillian Elizabeth Moore Bowen.—Mr. Winkler.

Bill No. 114 for the relief of Laurence Bouchard Pappini.—Mr. Winkler.

Bill No. 115 for the relief of Nana Rosenberg Taube.—Mr. Winkler.

Bill No. 121 for the relief of Cecile de Mers Asheim.—Mr. Winkler.

Bill No. 122 for the relief of Elsie Margaret Harding Lewin.—Mr. Winkler.

Bill No. 123 for the relief of Raymond Webster Elliott.—Mr. Winkler.

Bill No. 124 for the relief of Hazel Wilma Drysdale Warnecke.—Mr. Winkler.

Bill No. 125 for the relief of Ruby Rabinovitch Friedgut, otherwise known as Ruby Rabinovitch Freygood.—Mr. Winkler.

Bill No. 126 for the relief of Mildred Carmen Mitchell James.—Mr. Winkler.

Bill No. 127 for the relief of Bessie Birenbaum Abrams.—Mr. Winkler.

Bill No. 128 for the relief of Grace Elsie Mills Johnson.—Mr. Winkler.

Bill No. 129 for the relief of Robert Ewen Stewart.—Mr. Winkler.

Bill No. 130 for the relief of Mary Cecilia Helliwell Glassco.—Mr. Winkler.

Bill No. 131 for the relief of Betty Malca Stillman Shugar.—Mr. Winkler.

Bill No. 132 for the relief of Tessie Charow Hersh.—Mr. Winkler.

Bill No. 134 for the relief of Cicely Manley Sampson.—Mr. Winkler.

Bill No. 135 for the relief of Paul Paquette. —Mr. Winkler.

Bill No. 136 for the relief of Joseph Simon Adelard Barrett.—Mr. Winkler.

Bill No. 137 for the relief of Edith Daisy Steer Catto.—Mr. Winkler.

Bill No. 138 for the relief of Gwen Pollock Harris.—Mr. Winkler.

Bill No. 139 for the relief of Sonia Eagle Davies.—Mr. Weir.

Bill No. 140 for the relief of Evelyne Louis Steinwold.—Mr. Winkler.

Bill No. 141 for the relief of John Gilbert Speak.—Mr. Winkler.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Cruickshank: No.

Mr. Browne (St. John's West): I think the mover should explain these bills.

Mr. Cruickshank: Hear, hear.

Mr. Winkler: Mr. Speaker, regardless of whether the attitude of hon. members is in approval of or opposed to the principle of divorce, these bills are here for second reading. They have been considered in the Senate divorce committee, have been passed by the Senate and are here for our confirmation. If any hon. members here tonight had heard the evidence of the four members of the Senate in our private bills committee yesterday, or if any of the members here had attended the Senate divorce committees, they would have been firmly of the opinion that the members of the Senate were discharging their duties in a very conscientious manner. Whatever the private opinion of any member may be, the part that we as members of the House of Commons take in this matter is merely judicial.

These bills have to become acts of parliament to become law, and therefore they must pass the House of Commons as a matter of form. That is entirely within our jurisdiction. But unless we have some fault to find with some particular phase of the evidence, I maintain that we have no alternative but to pass these bills. We are not here to discuss the principle of divorce. We are merely carrying out the law.

Mr. Cruickshank: May I not be permitted to ask the sponsor of these bills a few questions in explanation?

Mr. Speaker: When the Speaker is in the chair it is not in accordance with the rules of the house to ask questions. However, the hon. member would have the right to attend sittings of the committee and if he is a member of the committee he could ask questions at that time. I am sure he would get the answers then.

Is it the pleasure of the house to adopt the motion?

Mr. W. J. Browne (St. John's West): Mr. Speaker, since the last debate of the house upon bills of this nature, I have inspected some of the bills and some of the evidence in cases that had been taken. Then I went to the room on the other side of the building where a case was in progress. It happened that when I went there the case was being opposed.

I sat during the morning session and heard the evidence given at that time. I was unable to go back in the afternoon, but I discovered afterwards that the committee had divided on the question of whether or not a divorce should be granted, by a vote of four to three. Since then I have been told by a member of the committee that further evidence has come to light in that particular case indicating that one of the witnesses had not been telling the truth. Although the bill was sent over here, an application is going to be made to have it sent back so that this evidence can be taken and the committee consider the case again in the light of the further evidence being advanced.

So I think we can say that the cases being put before the house tonight, when we have no information at all about them, constitute something like a farce.

Mr. Brown (Essex West): Did you attend the committee meeting?

Mr. Browne (St. John's West): No, because I did not know it was on. I did not receive notice of it.

Mr. Brown (Essex West): It is in *Votes and Proceedings.*

Mr. Browne (St. John's West): In another case which I examined I noticed that the parties had celebrated a marriage in New York. They came back to live in Montreal and had another celebration of marriage there. They had a disagreement before the second marriage, and ten days later they separated, with the result that proceedings for divorce were subsequently taken. From my examination of the evidence it seems to me that there was collusion between the parties notwithstanding the fact that it had been sworn that there was not.

Mr. Winkler: Is the hon. member referring to one of the bills now before us?

Mr. Browne (St. John's West): No.

Mr. Speaker: I think the hon. member might reserve his remarks until that particular bill is before us. Might I suggest to the hon. member that the question he is raising with regard to collusion might be raised when the bills go to the committee on miscellaneous private bills, to which they will be referred if they receive second reading tonight.

Mr. E. G. Hansell (Macleod): Mr. Speaker, in years past I have been more or less pronounced in my views, particularly in respect to the way we have had to deal with divorces from two of the provinces. I do not agree altogether with the member of the private bills committee when he says that it is only a matter of form to put these bills through this house. As the House of Commons we perform a particular function. These bills constitute part of the law of the land. They represent the breaking up of a marriage in order that the principals may be legally married again. Whether this procedure is formal or not, we have a perfect right to prevent these bills from becoming law. That is our privilege as members of the House of Commons.

I must raise my voice in respect to the method used to deal with divorce bills. During the course of about three minutes tonight 82 of these bills were dealt with, and there are 29 of them in the next batch that is being presented to us. Within a very few minutes a total of 110 odd bills will have gone through. As far as this procedure is concerned, this chamber could certainly be described as a divorce mill.

It is true that the evidence is heard, and I think thoroughly, in the Senate committee on divorce. It is true also that members of the House of Commons have a right to go there to hear the evidence without the privilege of discussing it. When these bills are brought before the committee on miscellaneous private bills any hon. member can attend, but he cannot ask questions except with the consent of the committee which I suppose would be granted. The committee on miscellaneous private bills does not go into the evidence although it has the privilege of doing so.

The fact that the entire parliament of Canada, both lower and upper houses, has to deal with a subject like this is nauseating to me. We have implored the Prime Minister (Mr. St. Laurent) and the government to devise some other way whereby divorce bills from these two provinces could be dealt with. I think that divorce comes under the heading of property and civil rights, which are provincial matters. If I am not right, some member of the legal profession can say so. However, that is a minor point.

Some other method should be used to deal with these bills. As far as I am concerned, if the issue has to be forced it can be forced by simply voting against the bill. If we turned down a couple of hundred of them in a batch, you bet your life something would be done. That is all I have to say tonight.

Mr. G. A. Cruickshank (Fraser Valley): Mr. Speaker, as it seems to be out of order to ask questions I should like to say a few words on this motion. Twenty minutes of the time of the house has been taken up tonight with divorce bills. I do not know why the people of Fraser Valley elected me, but they certainly did not elect me to act as a judge on divorce bills.

Mr. Sinclair: Hear, hear.

Mr. Cruickshank: The name of the constituency of my hon. friend has been changed since he was here last to Coast-Capilano—think that over, but the name of my constituency is still Fraser Valley. I am being asked to decide for or against divorce bills. I am going to read some of these to the house because I have a little time. One reads:

No. 24. House in committee on Bill No. 15 (Letter G of the Senate), intituled—

I seem to be getting a lot of advice from nearby. I want to say to the house that I am not opposed to divorce in any way, shape or form, but not under present procedure. We have heard a lot in this house about dominion-provincial relations and our good leader, the Prime Minister (Mr. St. Laurent), has told us that we can depend upon the

judgment of the judges of the Supreme Court of Canada. I believe that even in Saskatchewan there are judges who are capable of ruling in the best interests of everybody. There are important bills being brought forward by some United States interests that possibly may come up before nine o'clock.

I do not think I was elected to sit as a judge on divorce matters. If I was, I wish I had been left in Coast-Capilano or somewhere else out there. We can joke all we like about this, but the fact remains that the rights of the children may be involved and they should be of primary importance. No mover or seconder of any of these measures has told us what is to happen to the children or what alimony is to be paid.

We are told that that is of no importance because a certain committee of the other place, which must not be mentioned because of some legal rule, has considered these applications.

An hon. Member: The rule of *stare decisis.*

Mr. Cruickshank: "Subnormal" might be a good word. We are not allowed to mention it. I think any member is derelict in his duty if he has a family of his own and does not care a snap what happens to the children of his own or of somebody else's family. In my opinion it is no argument at all to bring a bill before this house and say that the matter has been judged in some other place by a certain committee. Let the sponsor of the measure come before the house and say what is the reason the divorce is being granted.

Mr. Winkler: Is that a question?

Mr. Cruickshank: Certainly.

Mr. Winkler: How could any member, unless he had a colossal memory, remember the evidence in all these cases and prepare himself to bring it before the house?

Mr. Smith (Calgary West): It is all the same.

Mr. Cruickshank: I am very glad to answer that. It gives me another couple of minutes. The hon. member should come before the house with a written statement on each case, or not sponsor these bills. How does the sponsor expect us to know what is happening to the children or to the wives if he does not know? How does he expect us to know anything about it?

Mr. Winkler: He expects you to read.

Mr. Cruickshank: Maybe he expects us to read it. Like many other members, I receive this evidence from the other place. Some of the volumes are fat ones and some are thin ones. Like every other member, I believe I pick out the thick ones because I think there might be something interesting in them. I wonder if the member who sponsors these bills would like me to quote in detail from one case that came from the other place last week. The evidence was disgusting. My friend asks why I should ask him to give me the details. I am asking him to give me the details because in that particular case there were eight children concerned. I wonder who is going to provide for the eight children.

An hon. Member: Family allowances.

Mr. Cruickshank: Family allowances, due to the great government we have, of which I am one of the firmest supporters and builders.

I believe in the sanctity of marriage, and I believe our divorce laws are not what they should be. I do not think one and only ground for divorce in Canada is sufficient. I think the Criminal Code ought to be amended to cover the situation. I am not a lawyer, but I believe it should be amended. I believe that no hon. member should advance some fifty bills at one time—you will have a chance over there when I am finished—and frankly admit that he knows nothing of the details, nothing of the parties concerned, and ask us to pass these bills without further information. More so-called important bills may come up before nine o'clock, but I do not think they are as important as these bills. In one case you are dealing in dollars and cents. Some company is going to make a lot of money, or it thinks it is. In this case we are dealing with—

Mr. Benidickson: Westcoast Transmission.

Mr. Cruickshank: There is an interjection by the hon. member for Kenora-Rainy River. It is a small district somewhere in the eastern part of Canada.

Mr. MacInnis: Would the hon. member for Fraser Valley (Mr. Cruickshank) allow me to raise a point of order?

Mr. Cruickshank: Yes.

Mr. MacInnis: I think the whole discussion is out of order. We are not discussing the principle of divorce as such. We are discussing certain divorce cases. If the hon. member wishes to do so he can take each case in turn and discuss the principle of it, but I do not think it is in order to discuss the principle of divorce. That has been done before, but I think it has always been out of order.

Mr. Speaker: I think the point raised by the hon. member for Vancouver East (Mr. MacInnis) is an important one. I feel as he does that there has been too much latitude given in the discussion of these bills. As hon. members know, each bill refers to certain individuals, and the only question before

the house is the principle in each bill. I do not think that should justify a wide discussion on the whole question of divorce and marriage. These are private bills, and they are strictly limited to the principle in each bill. I think that at this time hon. members should not discuss the general question of divorce, the grounds for divorce in Canada, and the law of divorce in Canada.

Mr. Cruickshank: Mr. Speaker, I bow to your ruling brought about by the correction of my friend from my own province. I am particularly interested in order No. 27;

House in committee on Bill No. 18 (Letter J of the Senate), intituled: "An Act for the relief of Alton Charles Bray." (Without amendment.)

I should like to know just what that means.

Mr. Speaker: I wonder if the hon. member would discuss one of the bills starting at No. 104.

Mr. Cruickshank: I dislike to take up the time of the house. I am particularly interested in Bill No. 105—Bill No. 103.

An hon. Member: That is passed.

Mr. Cruickshank: Who is running the house?

Some hon. Members: 104.

Mr. Knowles: Bill No. 105, not order No. 105.

Mr. Smith (Calgary West): Janey Beryl MacPhail Shuttleworth; that is the one.

An hon. Member: Take your time.

Mr. Cruickshank: Then I will take order No. 108: second reading of Bill No. 106 (Letter O-3 of the Senate), intituled: "An act for the relief of Marian Latora Glendening Joncas." Surely that is all right. I am interested in knowing, as a good Canadian, just how many children are involved in this case, and I hope other hon. members will be interested for the same reason.

An hon. Member: Order.

Mr. Cruickshank: Just a moment; I may be called to order by the Speaker but not by anyone else in this chamber. How many children are concerned in this case? I am surprised that some of the junior members of this parliament are not interested in the welfare of the children of Canada, as they should be. I want to know what provision is being made for the welfare of the children and of the wife. I want to know the details of this case; and when I am told that we can be asked to pass a bill without being given any information whatever as to the details, that is not my conception of what parliament is supposed to do. I would like the sponsor of this bill to give me that information.

Mr. Speaker: Order. It is not in order for the hon. member to ask questions nor for the sponsor of the bill to answer them at this time. As I have stated before, after these bills are given second reading they will be referred to the standing committee on miscellaneous private bills. Hon. members may attend the meetings of that committee and if they are on the committee they can ask questions there.

Mr. Cruickshank: I am sorry I did not understand your previous ruling, Mr. Speaker. I shall not ask those questions now, but for the next ten or fifteen minutes I should like to tell the house why I object to divorce bills being brought here, with no explanation as to the details in each case. I have the greatest admiration for the province of Quebec; some of the finest cheese in the world is produced in that province.

Mr. Speaker: Order. I hardly think it is in order, while dealing with one of these private bills, to discuss the whole question of divorce in Canada.

Some hon. Members: Question.

Mr. Cruickshank: Just a moment. I do not mind being called to order by the Speaker, because after all he presides over this house, but certainly I am not going to be called to order by a junior member from Windsor or anyone else.

Mr. Brown (Essex West): I am not calling anyone to order, if the hon. member is referring to me; and I am the member for Essex West.

An hon. Member: The hon. gentleman asked his question and it was answered. Now he is going on to make a speech, and I suggest that he is out of order.

Mr. Speaker: Has the hon. member for Fraser Valley (Mr. Cruickshank) concluded his remarks? Shall the motion carry?

Some hon. Members: Carried.

Mr. Cruickshank: On division.

Mr. A. L. Smith (Calgary West): No, Mr. Speaker; not even on division. I am still speaking to the bill chosen by my hon. friend, No. 106, which has to do with the divorce of two people. I hope I shall not transgress your ruling when I say—because more people than you, sir, are listening to me this evening—that I believe people living in difficulty and trouble should have some way of separating from one another. That is just a silly thought that occurred to me, and I hope in expressing it I have not breached the ruling you just gave.

The point I am so anxious to bring out is that I do not think our problem here is so much these individual cases, though in the strict interpretation of the rules I am very much inclined to agree with what you said. I do think perhaps you are being a little strict, as a result of your long association with this House of Commons and having so often seen what is going on here tonight. However, I am anxious to make my personal position plain. Someone like the hon. member for Yorkton (Mr. Stewart) may say that I am speaking to my constituents. He spoke to his constituents during his whole address the other evening and did not say a word to anyone else; but I hope I do not transgress even that rule.

It seems to me our problem is not so much the rights or wrongs of this bill. I have not read it, but if I were a betting man I would bet ten to one a match was put up against a door, and when the dicks came back in the morning they found the match still there, so there was a charge of adultery and an action for divorce. I will admit that many of these cases are faked, but you do not do that in our courts just by putting a match against a door. You must go a good deal further than that. Ninety per cent of it is fake, and nothing else. I know some suggestion has been made by the hon. member for Winnipeg North Centre (Mr. Knowles) that this thing should be left to the exchequer court; and he got booed in the House of Commons. Of course he does not mind that; he has lived on boos all his life, and by that I mean he has been booing other people, not that people have been booing him.

So we have reached the position where we must admit that ninety per cent of the divorces in Canada are complete fakes. The old saying may be true, that the end justifies the means. My profession was the practice of law, though I had to quit that and go broke when I came down here to attend this House of Commons, with the huge fees we get here. Everybody gets rich once they are elected here; there is no question about that. We do not need a retirement allowance. We get $4,000 a year and we can live for the next forty years on what we save out of that.

The point I am trying to make is that today every man in this house is taking part in a farce. I have no doubt that in Bill No. 106 they had two matches leaning up against the door as proof, which is just sheer nonsense. When a fellow is in that game all he does is leave the place after he has been called on by the dicks, and he leans a match up against the door. Then the dicks come back the next morning and say, "Nobody came out of that room, because our match is still there."

No one in this House of Commons who has any experience in legal matters will accept this story of the match.

May I state my position? I believe in divorce. I do not mean the Los Angeles or the Reno type or anything of that kind. I am one of those who believe that, as the member for Fraser Valley (Mr. Cruickshank) has said, children need a father and a mother. It is only under very difficult circumstances that the parents should be separated. May I do this bit of bragging? I am in the law business and I know there is money in divorce, but I have yet to take one case. I am so annoyed with the whole business. I have made many arrangements by which husband and wife have been able, for a while at least, to get along. I have told people who have no children, "Go ahead and divorce yourselves or shoot one another; do what you like, I don't care. If you have some children, however, they are entitled to a break, and that break is a father and a mother". To me, there is no question of religion attached to it or anything of that kind.

An hon. Member: What about the ten commandments?

Mr. Smith (Calgary West): I suppose the hon. member means that commandment which speaks of coveting. I was not speaking about coveting. It says that thou shalt not covet thy neighbour's wife, nor his ox nor his ass. You thought you had me, but you did not. I am inclined to think that is the commandment the member is thinking about. I shall not enter into that.

I greatly respect the opinion of other people who have equally cogent reasons for a different view from my own. I come back again to this; it should not be a matter dealt with in the other place and confirmed by us so quickly. I have voted for divorce bills in the last six years. I confess I have done that because I think the committee in the other place has done a careful job. Instead of laughing at those men, I believe they have done an excellent and a tiresome job. Irrespective of the amusement we may get in reading the evidence in one of those cases, remember it has ceased to be amusing to those men who are giving their time every morning in the week and many afternoons in the week to listening to this evidence.

Mr. Howe: Not as much time as you are taking, though.

Mr. Smith (Calgary West): I am dealing with a hundred, sir, and they deal with them one at a time. That is just an answer to the Minister of Trade and Commerce, because my remarks are confined to Bill No. 106. I do want to say that I think those men are doing a splendid job under difficult circumstances.

Turning to the subject of the bill introduced concerning the exchequer court, I believe that is too much to ask of the exchequer court.

Mr. Speaker: The hon. member might reserve his remarks on that bill for another occasion.

Mr. Smith (Calgary West): As always, I bow to your ruling. May I close by complimenting those hon. gentlemen who, at their age, may be assumed to have lost interest in that sort of thing, but I doubt it very much.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

An hon. Member: On division.

Motion agreed to on division, bills read the second time, and referred to the committee on miscellaneous private bills.

ALBERTA NATURAL GAS COMPANY

The house resumed, from Friday, October 28, consideration of the motion of Mr. Maybank for the second reading of Bill No. 66, respecting Alberta Natural Gas Company.

Mr. Ray Thomas (Wetaskiwin): Mr. Speaker, last Friday during this debate I read the correspondence carried on between Hon. Gray Turgeon and Mr. Manning, the premier of Alberta. For a moment, I should like to review the contents of the reply Mr. Manning made. The first point he brought out was that no bona fide company should be refused incorporation, and that the province should have the right to deal with any of those companies. Second, that the Alberta government will allow the export of gas, but only after it is satisfied that the reserves are sufficient for its own domestic and industrial requirements, and that a surplus exists, over and above those requirements, sufficient to justify export under a sound conservation policy. Third, that no export out of Canada will be allowed until the Canadian requirements are met.

I should like to enlarge just a little bit on the conservation policy of the Alberta government and the reasons for it. The first oil well was discovered in Canada in the year 1861; the exact location of it I do not know. The product of that well was used entirely for the kerosene that could be obtained out of it. Everything else was wasted. Since that time advances have been made and petroleum and petroleum products are now the base of over a thousand articles ranging from chewing gum to cosmetics. I trust the ladies will enjoy that because I can just see them smearing on crude oil for make-up.

After the discovery of the Turner valley oil field Imperial Oil spent $100 million in exploration before the discoveries of the Leduc and the Redwater fields. With such an outlay, it is quite readily understood why these fields have to be protected by a good solid conservation plan.

Any hon. members who have been down Calgary way, at least in the early years of the Turner valley field, will remember the glare of lights coming from Turner valley from the flares of natural gas that were burning night and day. As a matter of fact, I remember going to Calgary at one time—I think I was then about eleven years old—when I went to bed, and woke up in the middle of the night. I might add that the home in which I was staying was right below a cemetery which was situated on a hill. I woke up in the middle of the night, turned over, looked out the window, and all I could see were these tombstones sticking out of the red glare in the sky. I assure you, Mr. Speaker, I thought my time had come. That gas was wasted during those years. I might say that that wastage was a direct result of incompetent legislation on the part of the dominion government. When the natural resources were turned back to the provinces, the Alberta government immediately put through conservation measures. Moreover, as a result of this lack of a conservation policy, many experts, in estimating the life of the Turner valley oil field, give it exactly ten years to go.

Mr. Smith (Calgary West): Will the hon. member name the experts?

Mr. Thomas: If the hon. member would like to have a look at my notes at a later date, perhaps he could find them.

Mr. Smith (Calgary West): Is one of them Albert Hopkins, vice-president of Imperial Oil?

Mr. Thomas: I believe so. Thank you.

Mr. Cruickshank: What was that name?

Mr. Thomas: Albert Hopkins.

Mr. Cruickshank: That takes another minute. Who are the others?

Mr. Thomas: If the hon. members have finished with their little chat, I should like to move the adjournment of the debate.

Mr. Speaker: It being nine o'clock, the house will resume the business which was interrupted at six o'clock.

ANIMAL CONTAGIOUS DISEASES ACT

ADDITIONAL COMPENSATION TO OWNERS OF SLAUGHTERED CATTLE

Right Hon. J. G. Gardiner (Minister of Agriculture) moved that the house go into committee to consider the following resolution:

That it is expedient to present a bill to amend the Animal Contagious Diseases Act to provide changes in the limitation of value determined by the minister in respect to compensation that may be paid owners of slaughtered cattle; to provide additional compensation in respect to certain cattle slaughtered before the commencement of the amending act but after March 31, 1947, and for the repeal of the basis of compensation provisions.

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

Mr. Gardiner: The purpose of this bill is to amend the Animal Contagious Diseases Act to provide additional return to those stock owners whose cattle are slaughtered on account of tuberculosis and, when slaughtered, the carcasses are condemned outright as unfit for consumption and on which there is no salvage value. If the amendment were implemented, the return on an animal slaughtered would be approximately the same whether or not it had any salvage value. A higher rate of compensation has been provided for sheep and swine when slaughtered under the provisions of the act. The bill also provides for retroactive payments to stock owners who had carcasses condemned since April 1, 1947. Under all tuberculin test policies it is estimated that approximately 5,329 carcasses will be involved in the retroactive compensation. This number of condemned carcasses resulting from all tuberculin tests since April 1, 1947, originated from approximately 3,553 individual farmers' premises.

I may say that over a long period of years provision has been made for certain payments to be made on livestock that is slaughtered as a result of certain diseases. Certain diseases that affect horses have been covered by this act and certain diseases which affect hogs and sheep, and tuberculosis particularly with regard to cattle. The payments have been approximately the same over the greater part of the period; that is, the possible payments. The act has always stated that a certain limited value could be placed upon purebred stock and lower limited value on grade stock. But the act, as it has been over the years, has stated that the minister or someone on his behalf would set the value that was to be allowed for the stock, but not to exceed two-thirds of this certain valuation; that is, to illustrate, the value of a purebred cattle beast was limited to $150. But the total payment that could be made was only two-thirds of that. The amendments are asking as the maximum amount the two-thirds of the $150 and two-thirds of the price for grade cattle, and saying that that is the highest amount which can be paid. In other words, the minister or someone acting in his behalf cannot exceed those amounts in setting what the figure is. We do not have to value the animal, then take two-thirds of that, and then take a certain proportion of that two-thirds.

But we do go on to say something which is not provided in the original act. We say that, when an animal is condemned outright and therefore goes into the tank, the payment that is to be made on that animal is the actual valuation based upon the market value of the animal at the time slaughtered.

In order to determine what that value is for the period from April 1, 1947, down to the time this act is declared, we indicate that the method by which the value is determined is the average of the market price over the period of time, rather than trying to determine what the price of an individual animal would have been during that period.

From now on individual animals are dealt with on the basis of the market price. But for the period between April 1, 1947, and the present time that valuation is the average of the prices prevailing on the market over a certain period.

Hon. members may be interested in knowing why we go back to April 1, 1947, or how that date was determined upon. The fact is that during the war we were not carrying on many of these investigations concerning conditions in municipalities, in order to make payments. But since the beginning of April, 1947, we have been expanding our activities in connection with it. We went back to the first month in the year in which, when the act was drafted, a municipality which had been started in that particular month was still being examined into. That month was April of 1947.

When the act was drafted last spring we were still examining into payments which ought to be made in areas where we had started investigations on April 1, 1947. We said there would be discrimination if we dealt with them on any other basis. We go back to April 1, 1947, and make payments right back to that date, which will take in all the counties in Ontario and the municipalities in western Canada where investigations had been started. We are still continuing in those counties or municipalities.

That, I think, pretty well covers the intention of the measure. I have some information with regard to the number of animals affected, and if the committee is interested I shall give that information later.

Mr. Sinnott: I should like to say a few words in connection with this resolution, which states that it is expedient to present a bill to amend the Animal Contagious Diseases Act to provide changes in the limitation of value determined by the minister. I am not going to elaborate upon the resolution; but, coming from an agricultural riding as I do, and knowing as I do about the tremendous loss to farmers, I am sure this bill will receive a welcome when it is put into effect.

When one part of a riding is within a T.B. test area, and the other part is not, the livestock in the area which does not have the T.B. test have only about half the value. I was informed by some people who had gone to a dairy sale in Winnipeg last fall that the animals they had at home were far superior to those offered at the sale, but that they would not bring the price of those at the sale because they were not in a T.B.-tested area.

When the bill is brought down and compensation is increased from two-thirds of the value to 100 per cent, I know it will go a long way toward helping T.B. areas, and to bring those which are not now in T.B. areas under the act. The reason is that compensation will be given according to the loss on cattle which occurs through condemnation by the doctor.

I am sure that throughout the whole of Canada the bill will receive wholehearted approval. However, there is something else I should like to mention, and that is Bang's disease, which in my opinion should be included in a bill of this kind. Bang's disease has not only destroyed thousands of beef and dairy animals but affected many human beings. Having had a dairy herd of my own some years back I know something of the terrific losses farmers throughout the whole of Canada have sustained from Bang's disease—and not too many people know about it.

This disease in a herd destroys the fertility of the whole herd and, as a result, in a few years one has nothing left with which to carry on. I had a herd of fifty head and, believe it or not, for three years, until the disease was stamped out, I had an increase of only ten or fifteen head. I should like to see the government in the coming year go a long way toward eradicating this terrible disease. It has taken a large toll of cattle and has curtailed the milk flow to all the cities of Canada.

I pass these points on to the government in the hope that they may take action in the future.

Mr. Charlton: Mr. Chairman, I understood the minister to say, during his explanation of the resolution, that the department was not increasing the compensation for animals slaughtered. I remember very well statements made by the minister and his parliamentary assistant—

Mr. Gardiner: I did not say that we were not increasing payments for animals slaughtered. We did not pay anything before on animals slaughtered and sent to the tank, except an amount which was allowed. But on the animals which do not go into the tank, most of the beef is sold on the market. In addition to what is obtained from the government, the person who delivers the animal gets the value of it as well. Of those that go into the tank, there is nothing—except perhaps the hide and very little more. What we are doing now is to pay the full value of the animal which goes into the tank—which is a great increase over what was paid before.

Mr. Charlton: I understand that you are paying full compensation for animals which go into the tank; and on top of that you now say you are going to pay the beef price of that animal going into the tank. Heretofore the salvage value on a tanker has been nil; we realize that.

Previous to the election the minister and his parliamentary assistant made certain promises both inside and outside the house that the compensation paid to T.B. reactors would be increased. A reading of the resolution would seem to indicate that it is intended to change the compensation, but I understand that the valuation is to be lowered to what was paid before, that is, two-thirds of the value.

When this act was first enacted in 1903 the compensation paid was exactly the same as it is today. Under the act as assented to on August 13, 1903, the compensation paid was as follows:

Horses:
Grades, $150.
Purebreds, $300.
Cattle:
Grades, $60.
Purebreds, $150.
Sheep and swine:
Grades, $15.
Purebreds, $50.

Those are the valuations permitted by the present act before this amendment. A new amendment was assented to on June 6, 1913, under which the compensation for grade horses was raised to $200, and for purebreds to $500. The valuation for hogs and sheep remained the same. In 1918 the compensation for grade cattle was raised to $80 and for purebreds, to $250. In 1922 the compensation for purebred cattle was lowered to $200 and the compensation for grade horses was brought down to the old figure of $150, and $300 for purebreds. Then in 1923 the act was amended to its present form.

Is it reasonable that the compensation paid in 1949 should be the same as that paid in 1903? Too many times the farmers are expected apparently to bear more than their share of the burden for the benefit of the entire population. I am not suggesting for one moment that the farmers expect to get the total value of animals slaughtered because of T.B. It must be realized that back in 1903 the price of cattle was about one-third what it is today, yet the compensation is the same.

The government says that it is expedient to present a bill to amend the Animal Contagious Diseases Act. The fact is that it has been expedient for the last ten years, but nothing has been done about it. It was very necessary during that time because the price of cattle had increased considerably, and even in 1939 it was going up. The minister suggests that the farmers will be getting enough under this amendment when they receive the beef price for cattle going to the tank. I understand that taking into consideration all districts and all herds the average of cattle sent to the tank is nine per cent and that in very few cases will a farmer lose more than three or four animals to the tank. I have yet to hear of anyone who kicks about the loss of such animals; what the farmers are kicking about is the amount they get for compensation.

It has been only in the last few years, probably in the last three years, that beef prices have gone up to any appreciable extent. Previous to that time I do not suppose that the compensation paid for reactors would any more than cover half the cost of new animals. As I said before, statements have been made both in and outside the house by the minister and his assistant, to the electors of this country and to delegations that have come to Ottawa, that the farmers would get more than they were asking for. I do not think they will feel they are getting more than they are asking for when they are to receive only the beef price for tankers.

The compensation for sheep and swine is being raised, but that is a different matter as there is generally no salvage value there. No one keeps a diseased animal knowingly because he realizes it is a danger, not only to himself and his family but to any people who might be using raw milk from his herd. These men are interested in the general welfare of the country and are willing to go along with the tests and to see that diseased animals are destroyed. It would be practically impossible to measure the loss to farmers in dollars and cents when animals must be destroyed. A man may have built up a pure-bred dairy herd over a period of 25 years and may lose nearly the whole herd. No matter what compensation is paid, such a man suffers a terrific loss.

This is not only a problem for the farmer; it is a national problem. It is a case not only of getting rid of the diseased animal but of getting rid of animals which are disease carriers. The life of every human being in Canada may be affected and it thus becomes a national problem. I think the government should assume a little more of the burden and not place so much of it on the farmer himself. Certainly the compensation paid in the past few years has not come anywhere near covering the losses that have been sustained. I would have hoped that the minister could have seen fit to increase the amount of compensation as was promised prior to the election. As I said before, very few people have ever kicked about cattle that go to the tank. They are complaining about the amount of compensation. The bill is not before us yet, and I do not wish to discuss the matter further until we see the bill and know what its contents are. Therefore I am reserving judgment.

Mr. Gardiner: I may tell the hon. member that what is in the bill is exactly what the delegation was told would be in the bill last spring—just exactly what they were told would be in the bill.

Mr. Charlton: I may say then that the minister should have told his parliamentary assistant what was in the bill prior to the election.

Mr. Gardiner: He made the same speeches I made, and they were correct.

Mr. Charlton: You think he did.

Mr. White (Middlesex East): In rising to take part in the debate on the resolution, one of the first things I should like to say is that farmers have been waiting a considerable time for such action. Therefore we welcome the introduction of the resolution regardless of how bitterly we are disappointed in its contents. Apparently there is a vast gap between promise and fulfilment. I can recall that the delegations which came to Ottawa were told that they would receive full compensation, and possibly more than they asked for. If I understand correctly what the farmers of my area are expecting, I must repeat that they are going to be terribly disappointed. My colleague says that the election is over now, but there is another one in the offing. As the hon. member for Brant-Wentworth has said, we want to see the bill before we comment too fully upon it.

Nevertheless I should like to point out three things to the minister and to the house. I think that all Canadians are in accord with

the broad principle of the elimination of bovine tuberculosis from Canadian herds. We welcome that as a health measure. It is a broad public health plan. We hear a lot about what the Department of National Health and Welfare is going to do, and this is only one of the steps that it is necessary to take for the prevention of disease in Canada. I also want to point out that a measure for public health should not be paid for by the farmers alone but by all citizens of Canada.

The minister has attempted to prove to the house that the farmers are not losing a great deal. I have before me a copy of the sales slips of the forty-four head of cattle I mentioned on a previous occasion in the house. They indicate the numbers of the animals, the weight, the price per hundredweight, and the amount the man received. It is only from the dairy herds, the milk cows, that a farmer is going to receive a continuous income through the sale of milk. Therefore I will take the sixteen cows out of the herd of forty-four cattle. Their sale at Canada Packers brought an average value of $91.76. In a previous discussion the minister told us that 10 per cent of the reactors went to the tank. This gentleman was lucky inasmuch as only one of the sixteen went to the tank. If he had been an average farmer, instead of receiving $91.76 he would have received $82.58. If you add to that the $38 that the government pays for these cows, the producer would have had a cash return from each cow of $120.58.

I think everyone knows that it is an impossibility today to buy even a fair grade cow for anywhere near that price. If I were to put the price at $200 I would be putting it conservatively. It would be nearer $240 or more.

Mr. Gardiner: May I ask what was the date of that sale?

Mr. White (Middlesex East): These animals were slaughtered at Canada Packers on September 22, 1949. I can give the man's name if the minister so desires. We are reserving judgment, however, until we find out what is in the bill and hear more about it. I want to point out that 8,619 have already been sent to the abattoirs from the county of Middlesex, and if you put the loss on each one at $100 you have well over $750,000 lost in the county of Middlesex alone. I think that is too great a burden to ask the farmers to bear for the sake of public health in Canada. I want the minister to know that there is more to the question than the angle of whether or not the farmer is going to make a living.

We think unemployment insurance is a good thing. We believe in it. Its purpose is to take care of the labourer when, through no fault of his own, his means of livelihood are taken away. I do not think the farmer is in a different position. We pay awaiting returns to veterans who are trying to establish themselves on farms until such time as their income is large enough for them to carry on. These men are going to be awaiting returns for quite some time. Some of them are in such a position that possibly they will never go back into the cattle business. Young men, and some of them veterans, have started farming on borrowed money, and are in a desperate situation. The man who has been established for twenty years can get by, but the others are in a different position. I must say that, so far as I can see, the resolution introducing the bill is a bitter disappointment.

Resolution reported, read the second time and concurred in.

Mr. Gardiner thereupon moved for leave to introduce Bill No. 147, to amend the Animal Contagious Diseases Act.

Motion agreed to and bill read the first time.

CANADIAN NATIONAL RAILWAYS

PROVISION TO MEET CERTAIN EXPENDITURES AND GUARANTEE OF SECURITIES AND INDEBTEDNESS

Right Hon. J. G. Gardiner (for the Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure to authorize the Canadian National Railway Company to issue securities not exceeding $19,766,890 in principal amount to provide the moneys necessary to meet capital expenditures made or capital indebtedness incurred during the calendar year 1949; to authorize the governor in council to guarantee the principal and interest of securities issued by the company for the purpose aforesaid; to authorize the making of temporary loans to the said company secured by such securities and not exceeding $19,766,890 in principal amount to enable the said company to meet such expenditures and indebtedness; with authority to give financial aid and assistance to other companies of the said national system and to authorize the Minister of Finance to place at the disposal of the national company or the Trans-Canada Air Lines, such amounts as may be necessary to enable them to pay operating and income charges if at any time before the first day of April, 1950, the available revenues of the national railway system or the Trans-Canada Air Lines and subsidiaries, respectively, are not sufficient to pay such charges: provided that all such amounts shall be reimbursed to the minister from the recipients' annual revenues in so far as such revenues are sufficient, any insufficiency to be provided for by subsequent deficit appropriation by parliament.

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

Canadian National Railways

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): Mr. Chairman, those who were members of the last parliament will recognize this as the usual resolution preceding the introduction of a bill providing funds for approved capital expenditures of the Canadian National Railway system. However, I should like to make a short explanation for the benefit of new members, an explanation which needs to be made since the C.N.R. report and budget on which this resolution is based were presented and adopted at the spring session of the last parliament, when the new members of course were not here.

Each year the Minister of Transport presents to parliament the report of the Canadian National Railway system and the auditors' statement on that report. The report for the fiscal year 1948 was presented to parliament by the Minister of Transport on March 18, 1949. The budget for the current year is also presented to parliament by the Minister of Transport, and this year that was done on March 22. Both the report and budget are then referred to the sessional committee on railways and shipping owned, operated and controlled by the government. This year the committee first met on March 21 and had six meetings, calling before it the president and other officers of both the Canadian National Railways and T.C.A., the auditors of the national railway and T.C.A., and other witnesses. The annual report and auditors' report for the year 1948 and the budget for the year 1949 were unanimously approved by this committee in its final report to parliament on April 26, 1949. The present resolution is a natural consequence of the approval of the 1949 C.N.R. budget by this committee. I cannot do better than read the ninth paragraph of the report of the committee which can be obtained, bound with the proceedings of this committee, from the parliamentary library:

> The capital budget of the railway system for 1949 includes the following: additions and betterments, $24,500,000; new equipment, $8,700,000; Barraute branch line, $612,890; acquisition of securities and reitrement of capital obligations, $1,692,000; a total of $35,504,890. Against the latter amount there is available from reserves for depreciation and debt discount amortization a sum of $15,738,000, leaving the estimated net capital requirements at $19,766,890.

That is the amount mentioned in this resolution. Since the C.N.R. system is publicly owned, it must now turn to the parliament of Canada for approval to issue securities to obtain this amount of new capital. This is sought in the first part of this resolution, which I shall read. I appreciate that it is a very long resolution, in three main parts. The first part reads:

> That it is expedient to bring in a measure to authorize the Canadian National Railway Company to issue securities not exceeding $19,766,890 in principal amount to provide the moneys necessary to meet capital expenditures made for capital indebtedness incurred during the calendar year 1949; to authorize the governor in council to guarantee the principal and interest of securities issued by the company for the purpose aforesaid;—

The next part of the resolution is as follows:

> —to authorize the making of temporary loans to the said company secured by such securities and not exceeding $19,766,890 in principal amount to enable the said company to meet such expenditures and indebtedness;

This part, then, authorizes the government to make temporary loans to the company secured by these securities, to enable the company to meet such expenditures, until the time is deemed suitable to float such an issue. For example, parliament authorized an amount not exceeding $85,882,200 on June 14, 1948, and it was not until September 15, 1949, that an issue of $70 million was floated of 2⅞ per cent coupon bonds, realizing 98·58 to the company. In the interval between June 14, 1948, and September 15, 1949, the government made advances under a similar clause in the 1948 resolution for the approved capital expenditures, which advances were recovered from the proceeds of the loan.

The first two parts of the resolution relate to capital expenditure and capital indebtedness. The third part relates to operating and income charges. This provision may be likened to a revolving fund provided by the government. It is logical to have this provision in connection with a publicly owned corporation such as this, because surpluses in any year have to be turned into the consolidated revenue fund at the end of the year, so the company has no cushion to meet current obligations. Since the budget approved by the parliamentary committee this spring envisages a net deficit of $37,800,000, it is obvious that current revenues of the system will not be sufficient to meet the current operating and income charges throughout the year, so this authority is necessary.

The final clause provides that all such current advances shall be reimbursed to the government from the recipients' annual revenues in so far as such revenues are sufficient, any insufficiency to be provided by subsequent deficit appropriation by parliament. I want to make it very clear that this latter deficit appropriation is not covered by this resolution nor is it in the bill which will follow it. When the exact amount of the deficit is known at the end of the C.N.R. fiscal year 1949 a separate resolution and bill will be presented to parliament to make good this deficit; and of course matters relating to the deficit can be discussed at that time.

In summary, therefore, this resolution is presented by the Minister of Finance as a consequence of the unanimous approval given by the sessional committee on railways and shipping owned, operated and controlled by the government, to the 1949 budget of the Canadian National system. It authorized the issuance of securities by the company for the approved capital expenditures in the budget totalling some $19,766,890. It provides that the government may make advances to the company secured by such securities, until such time as those securities are issued. It further provides for temporary loans to the system to meet current operating and income charges, where available revenues are found insufficient, such loans to be recovered out of the annual revenues, or if these are insufficient by deficit appropriation at the next session of parliament.

Mr. Diefenbaker: Mr. Chairman, I think it is usual when the Canadian National Railways comes before this house for financial provision, that an opportunity is given to the members of the house to make suggestions regarding situations prevailing on the railways which require improvement or change. First, may I be permitted with the utmost sincerity to congratulate my hon. friend on the manner in which he has presented this resolution this evening.

The matter I intend to bring to the notice of the Canadian National Railways is one that I have brought up on other occasions. It has to do with the employees of that railway, numbering about 102,000. I should like one thing to be done so as to raise the morale of the employees of the Canadian National Railways, and that is to make more adequate provision for basic retirement pensions.

On July 2, 1947, I pointed out that the basic pension provided for under the regulations applicable to the Canadian National Railways was $25 per month, a totally inadequate amount as a retirement allowance. I delt as well with the fund and the manner of setting up the fund. I am not going to say any more about that at the moment. After my representations, the minister—

Mr. Sinclair: The Minister of Transport?

Mr. Diefenbaker: The Minister of Transport. He said that he would be glad to bring the representations to the attention of the directors of the Canadian National Railways. Having regard to the low rate immediate consideration should be given to an increase in the amount of the basic pension and secondly, as the provisions respecting awarding of pensions are determined in a large measure upon the continuity of service, a change should be made in those regulations to remove any injustices that may arise from too strict an interpretation of the regulations.

In due course, the minister did bring up the matter, and wrote me a letter stating in part—

> We have had to take the position that the basic pension cannot be increased because of the very heavy additional cost which would be imposed upon the company. It must be remembered that this pension is at the sole cost of the company—the employee contributes nothing towards it.

Various questions have been asked by the hon. member for Wentworth (Mr. Lennard) and the hon. member for Winnipeg North Centre (Mr. Knowles) relating to Canadian National Railway pensions. An examination of the answers indicates that approximately 60,000 of the Canadian National Railways' employees have no contributory pension and must depend upon the basic pension payable to them at the age of 65, amounting to $25. I recall only one previous occasion upon which I have asked for expenditures to be made, except where such expenditures would be self-liquidating. I feel, however, that this matter of increasing the basic pension does require attention. The basic pension was fixed in 1934, and it represents the only pension a considerable number of the retired employees receive, and it is totally inadequate.

By comparison with the present cost of living, the $25 basic pension has a purchasing power of approximately one-third of what it had in 1934. When one realizes that there are only 40,700 of the employees who contribute anything to their pension, some 60,000 employees who are working in the lower paid positions in the railway company will receive when they retire only $25 per month with which to support themselves and their wives. Employees who have been superannuated and who are receiving a non-contributory basic pension of $25 per month, number 2,743. Those who are receiving from $25 to $30 per month number 841; those receiving between $30 and $40 per month, number 664. These are extremely minor pensions after twenty-five years of service, particularly when one considers that many of these employees are unable to provide for their own security.

There are some who are contributing a portion of their wages to provide a part of their retirement allowances. Yet, even among those who contribute a portion of their wages and are receiving a retirement allowance based in part on their basic pension and in part on their contributions, there are 476 whose pension ranges from $25 to $30 per month, and 2,095 whose monthly pension is from $30 to $40. The need for action has been brought to the attention of the Minister

of Transport by representatives of the railway trainmen who have contended that the rate of pension is too low and is a discouragement to that morale which those who serve on the railway should have.

Many men are being denied a pension to which they would be entitled in part because of the fact that they are unable to establish their proof of age, the census records not being accepted in proof of their age. The regulations should be amended to prevent injustices in this and other cases.

I suggest to the parliamentary assistant that the matter be brought to the attention of the directors of the Canadian National Railways with a view to assuring that an adequate pension or at least an additional pension be provided for the many employees of Canadian National Railways who today are in the position, upon retirement, of receiving only $25 a month.

Mr. William Aspinall of Winnipeg, vice-president, brotherhood of maintenance of way employees, communicated with the minister last year and, according to a report appearing in the newspaper *Labour* published in Washington, among other things said that:

> The low paid man who has already been retired or will be retired within the next ten or twenty years is the worker who will receive a totally inadequate pension . . .

It was not until 1935 that he was able to make any contribution himself to his pension. Further on he wrote:

> The low paid workers, of whom there are many thousands on the C.N.R., are unable to maintain a semblance of a decent standard of living, let alone make a five per cent contribution to a pension plan, particularly the thousands who have families to support.

Mr. Aspinall asked that consideration be given to the increase in the amount of pension. I think this is a matter which deserves the serious attention of the directors of the Canadian National Railways. The total amount of the entire earnings that is today devoted to the payment of pensions is approximately 2·3 per cent, as I have been informed. I realize that there are continuing deficits in the Canadian National Railways. Sometimes it is hard to understand why there should be the large deficit. In 1948, with operating revenues of $491,269,950, the railway had a deficit of $33,532,000, whereas during the years from 1941 to 1945, while operating revenues at no time equalled those of 1948, there was a surplus each year, the highest of which was $35 million. Possibly the solution to meet the problem is that contained in the brief filed by the Canadian National Railways with the royal commission to the effect that the time has come to remove the unfairness that has resulted from saddling the Canadian National Railways with the overcapitalization resulting in an interest item that may account in considerable measure for the amount of the deficit.

I do not want to ask for expenditures that will increase the deficit, but I feel that this railway company, a national company, owes it to the employees who are unable to make a contribution to a pension for themselves—and I speak particularly on their behalf—that they be not required to retire on a basic pension of $25 a month at age sixty-five. It is unfair. I make this appeal to the parliamentary assistant, without labouring it; I ask that this matter should be reconsidered; and also that the regulations in connection with the administration of the pension should be submitted to the committee on railways and shipping owned by the government so that changes in the regulations may be made so as to remove many of the anomalies which cause discontent and annoyance among railway employees.

While I was looking this matter up I decided to look at the law in effect in the United States. In that country there is a railroad retirement act. The pensions provided for there are considerably larger than those prevailing in Canada. Within the last week or so at the eighth annual meeting of the legislative committee of the brotherhood of firemen and engineers, a recommendation was made that there should be establishment of a national pension plan for railway employees similar to that under the railroad retirement act of the United States. Whether that is so or not, I feel that this is a matter worthy of consideration by the standing committee of parliament. As a national employer, I feel that we should assure to the man that works the same fairness that is being shown by private enterprise, namely, the provision of a fair and reasonable retirement allowance so that when men who have worked over the years find themselves retired at age sixty-five, they should not have to look forward to only $25 a month.

While I am on my feet I should like to mention one other thing in that connection. I have in mind three or four railroad employees who are between forty-five and fifty years of age, who have become ill, are now unemployed and unable to work. I feel that consideration should be given to extending the terms of the Unemployment Insurance Act to cover the unemployed period in the payment of benefits to those who by reason of illness or accident are out of work and unable thereby to provide for their families.

I have advanced these suggestions to the parliamentary assistant for the consideration of the board of directors, and also the consideration of the board that administers the

pension fund. I do not think there is any member in the house who would not be willing to serve on a standing committee of the house to consider the matter fully and to revamp the regulations, so that recommendation might be made for an increase in basic pensions to a reasonable figure, and for the removal of anomalies which have the result of causing some employees, who otherwise would be entitled to pension, to be denied it.

Mr. Sinclair: Mr. Chairman, I do not think the hon. member for Lake Centre would expect me to answer the points he has raised. The Canadian National Railways are of course under the direct management of the board of directors, and are the parliamentary responsibility of the Minister of Transport. The only responsibility the Minister of Finance or his department has at this time is to bring in this legislation, which actually implements the budget approved by the sessional committee this spring.

I am not suggesting of course that the remarks of the hon. member are out of order, since this is a resolution asking parliament to approve capital grants for the Canadian National. It is perhaps perfectly proper for the hon. member to voice any grievance he may have in connection with the railways at this time. I take it he wishes to inform parliament of these grievances, and also to draw the attention of the C.N.R. board of directors to these matters. I would suggest that the most effective place to make those recommendations would be, as he suggested during the course of his speech, before the sessional committee when it is called next spring to consider the 1949 report of the Canadian National Railways, and the 1950 budget. At that time the president and directors would be in attendance before the committee.

Mr. Harris (Danforth): Mr. Chairman, I did not rise, as I had intended a moment ago, because I wished the parliamentary assistant to have an opportunity to reply to the hon. member for Lake Centre before I took the liberty of rising to speak about an entirely different question.

In the constituency from which I come we have had a tremendous increase in population over the last thirty years. Today there are four constituencies where there was only one at the time I first had the honour of attending in this chamber. During that period of time, because of the change in the grade of the railway, and the putting in of grade crossings in the eastern end of the city of Toronto, it has been found necessary to close Riverdale station, one of the two stations which formerly served that area.

At the present time these 300,000 people are serviced by the main union station, which is many miles away from the suburban area. Otherwise they are serviced only with the one station at Danforth, which is neither adequate nor sufficient to look after that population. Furthermore, the population is growing very fast both to the east and to the north of the old Danforth station, so that within a few years we will have there another 100,000 people who will have to be serviced by this old and very small and cramped station. It will be quite unable to give the service necessary for the people living in that area.

It will be only a matter of a few years when it will become a dire necessity to build a station east of Toronto, perhaps in the location of the present Danforth station. The Canadian National Railways now own all that property, which was formerly used as a sorting yard. They have many acres of property there, and at one time a roundhouse was located on it. Most of it is now vacant. In due course a new station will have to be built at Danforth to service those people.

I make these remarks to place them on record now, so that consideration may be given as to what eventually should be done. At the same time I would emphasize that in the same very densely populated area there are four level crossings. One by one, as fast as it can be done, these will have to be eliminated of necessity. I speak particularly about the level crossing at Woodbine avenue concerning which an application now rests with the department from Toronto. Then there are the level crossings at Jones avenue and Greenwood avenue, and another one out in the township at Warden avenue.

In approaching this problem I was hopeful it might be treated in a broader sense than simply that of considering the railway and its difficulties and necessities. I thought another requirement in that same community might be hooked up, because for those 200,000 people we have no post office, so called. Of course we have some small postal stations, and some rented premises such as stores and that sort of thing. However there is no post office, as such, or as hon. members would understand post office facilities in a large community.

Further, we have no facilities in that area for the clearing of customs, for excise matters, or matters dealing with the various departments of government which have to be housed. In that western section of Toronto known in the earlier days as Toronto Junction or West Toronto there is a dominion public building which services the community. I know the Minister of Public Works is listening to me because he has heard this story before.

When consideration is given to the building of a new Danforth station, I suggest the

Department of Public Works might at the same time consider the proper housing of customs, excise, immigration and post office services, all of which might be housed in conjunction with the new station, and in one substantial public building to serve this fast-growing community.

I address my remarks to the parliamentary assistant to the Minister of Finance, whom I commend for his concise statement of a few moments ago, and also put on record some suggestions to be considered by the Department of Public Works. After all, the money comes from the treasury, and it would be unfortunate if these two problems were to be considered separately. The Canadian National Railways own the land, and that land would offer a logical location for the other services I have mentioned. I was anxious to place this position on the record and in due course, perhaps during the spring session, we may be told whether anything is going to be done. When the Minister of Public Works is dealing with his estimates perhaps he will indicate that he will give some consideration to the inadequacy of the services presently available in the eastern section of Toronto.

Mr. Knowles: Mr. Chairman, I am sure we all agree with the parliamentary assistant to the Minister of Finance in the statement he has made to the effect that inasmuch as this resolution calls for the advance of a considerable sum of money to cover the operations of the Canadian National Railways it would be in order to discuss almost anything related to that system. Also, I agree with him that we should not take advantage of that right to discuss the whole range of railroad matters, particularly matters with which the Department of Finance may not have any connection. However, I think the hon. member for Lake Centre was perfectly justified in taking a few minutes of the time of the committee—and that is all I intend to take—to speak about a very important matter in relation to the morale and efficiency of the Canadian National Railways. Indeed the hon. member was perfectly justified in basing his remarks upon the need for good morale and the highest efficiency in the national system.

It is hardly necessary for me to say how thoroughly I support the plea for the best possible deal for our railroad workers in the matter of pensions and pension rights; after all, I have raised such matters times without number. Nevertheless the parliamentary assistant greeted this as though it were almost a new subject, which makes it evident that we must bring this problem to the attention of the government in every possible way.

[Mr. Harris (Danforth).]

I feel that strong support should be given, certainly on an interim basis, to the plea that the basic pension of $25 per month be increased, and indeed that there be improvements right across the board in the Canadian National pension regulations. I must say that they are a little better than some of the other railway pensions in effect in this country, but that does not mean that they are satisfactory. I hope it will not take too many pleas of this kind; I hope it will not be necessary to raise this matter year in and year out before there is any improvement in the pension position of Canadian National employees.

I was glad the hon. member for Lake Centre had got hold of the United States railroad retirement act, and has looked into it and found what a good piece of legislation it is. I am glad that the hon. member now joins with me in suggesting that something of this nature should be brought into being in this country. It seems to me that here we get a little beyond a matter which the parliamentary assistant will say should be brought to the attention of the management of the railroad; here we get to something that is a matter of government policy. This is not something to be passed on to the railway management; it is something for the parliamentary assistant to pass on, not only to the Minister of Transport who is here tonight but to the Minister of Finance as well, and through them to the whole government.

I shall not take time tonight, partly because I have done it before and partly because I shall do it again on another occasion, to go into the details of the United States railroad retirement act. As has been pointed out tonight, that act is infinitely better than any railroad pension legislation we have in this country. Its administration by an independent board is much more satisfactory to the men and its benefits go far beyond the question of pension rights.

One of the things that appeal to me about this proposal of a railroad retirement act in this country is that it is something that the federal government could initiate without having to go through this dominion-provincial squabble. So far as labour relations are concerned, railroad workers come under federal jurisdiction. We hear talk all over the country and all over this house about everyone wanting to move in the direction of over-all social security, and I shall speak about that again on another occasion, but when it gets down to the question of doing something, the old problem of the constitution is always trotted out. That is not necessary so far as workers who come under federal labour jurisdiction are concerned.

Mr. Smith (Calgary West): The hon. member has no doubt noted that applications for workmen's compensation by railroad workers are contingent upon the province in which the injury takes place. It is not just a simple matter because they are under dominion labour legislation. They cannot interfere with the workmen's compensation in the various provinces.

Mr. Knowles: I grant that it may not be a completely simple matter, but one of the contributions that lawyers make at times is to confuse anything that is clear before they get at it.

Mr. Smith (Calgary West): Do not abuse me because you are dumb and I tell you something. I have given you the facts.

Mr. Knowles: I am not denying the statement made by the hon. member for Calgary West with respect to compensation, but—

Mr. Smith (Calgary West): The hon. member said that lawyers confuse things.

Mr. Knowles: When the hon. member interjects workmen's compensation matters into a question of adequate pension rights for railway workers who come under federal labour jurisdiction, he is confusing the situation. I continue to make my plea to the government that they look upon this as being one field in which they could get started in respect to an over-all social security plan. I hope that is not going to take too long. If it is going to take any time I certainly feel that the Canadian National could, in the meantime, give a lead to the other railroads in this country by making a substantial increase in the amount of their basic pension.

Mr. Fulton: Mr. Chairman, I should like to take advantage of this first opportunity I have had to congratulate the parliamentary assistant to the Minister of Finance upon his presentation of this resolution. I should like to deal with one or two phases of the financial aspects of the resolution. I think it is obvious to all hon members that the resolution is divided into two parts. One part has to do with the estimated capital expenditures of the Canadian National Railways and the other part has to do with unspecified advances to the Canadian National Railways and affiliated railway and steamship companies for operating deficits, and similar advances to Trans-Canada Air Lines to cover operating deficits in this year.

I have before me the reports of the committee on railways and shipping which sat this year to review the annual reports of the Canadian National and the Trans-Canada Air Lines, together with the budgets of the two systems. There are certain features in the resolution now before the committee which do not necessarily follow from the annual report adopted by that committee and recommended to the house last year. I should like to ask the parliamentary assistant some questions arising out of those discrepancies. In the first place, what capital expenditures are to be incurred calling for the advancing by the government to the C.N.R. of nearly $20 million? If they are not capital expenditures, then what capital indebtedness is expected to be incurred? If it is capital indebtedness for replacement of equipment, will the parliamentary assistant give us some indication as to what extent it is not covered by depreciation in the ordinary way? That covers the first part of the resolution.

Coming to the second part dealing with the anticipated operating deficit of the Canadian National Railways, the budget of the railways indicated an estimated net deficit for the current calendar year of $37,800,000. I beg your pardon—

Mr. Sinclair: That is right.

Mr. Fulton: $37,800,000. The budgets of the various affiliated companies such as Canadian National (West Indies) Steamships, and so on, contain similar anticipated net deficits or surpluses. I wonder why it is not possible for us to insert a definite sum in the resolution now before the committee. It may well be that the actual deficit will be somewhat greater or less than the anticipated deficit in the budget of the company. With deference, I suggest it is not a sound principle to ask us to authorize the payment of an unspecified sum to the company by what is commonly called blank cheque legislation. I would much rather see the company confined, as it were, to the anticipated net deficit shown in their budget; or, if the parliamentary assistant has reason to believe that the net deficit will be less than shown in the budget, to ask in the resolution for authority to grant a specific sum in accordance with such lesser anticipated net deficit.

I do not think it is a sound principle to ask us to authorize a blank cheque, so to speak, to the railways so that they can run up a deficit of any amount, when they have given us a definite statement in their budget of what they anticipate their net deficit will be. If it were the case that we authorized a specific sum, and the net deficit in fact was slightly larger, it seems to me that the company could carry on in the normal way by normal borrowings. After all they have the credit of the government of Canada and of the Canadian nation behind them. Therefore

they could borrow in the normal way of business if they had a slight excess in their deficit over what was anticipated and what was authorized by the advance to them from parliament. That borrowing could be financed until such time as a subsequent session of parliament authorized the making good of the difference.

I should like the parliamentary assistant to answer the question why we are not given a specific sum in the second part of the resolution so far as the C.N.R. and subsidiary or connecting companies are concerned. I would ask the same series of questions with respect to T.C.A., because the procedure in the committee was the same. We had the budget for 1949 and the anticipated surplus or deficit was shown. Finally, I think one might well ask why the second part of the resolution is not divided into two parts, because the Canadian National Railways and its affiliated companies are entirely separate, and are under the authority of a separate minister. As the bill to be founded on this resolution will deal in some detail with the various companies, and as discussion is bound to enter into some detail concerning them, it seems to me it would make for greater clarity if, instead of having one resolution, the second part of the resolution were separated, and instead of one bill we had two bills, one dealing with the anticipated deficit of the C.N.R. and affiliated companies, and another bill dealing with the anticipated deficit of T.C.A.

Mr. Gillis: Mr. Chairman, it is not my intention to make an extended statement on this matter, but I want to throw a different light on the question of industrial pensions.

Mr. Fulton: May I get an answer to my questions?

Mr. Sinclair: It does not matter to me when I answer.

Mr. Gillis: I shall only be a few minutes. As one who was employed in industry for twenty-six years, I have done a lot of thinking, talking and reading on the subject during that time. Pension schemes are inadequate throughout industry as a whole. In most industries there are no pension schemes. If we intend to find a solution to the problem it is not going to be done in the way suggested by the hon. member for Lake Centre or the hon. member for Winnipeg North Centre. These palliatives must be retained until something better replaces them. We will be talking in the same way about industrial pensions one hundred years from now if we follow the course of action we have been. For example, in industry across Canada you have differentials in wages. You have large companies which make profits and can afford to pay adequate pensions. You have smaller companies which cannot afford to pay a decent pension. They can show you that by their balance sheets. Then there are essential industries that are uneconomic and have to be subsidized by the government. They cannot pay anything.

If you take all the basic industries of Canada, that is the position you find yourself in. If you maintain the practice of trying to provide for workers in industry on the basis of the workers and the corporations getting together to solve the problem, there is no solution for it. The Canadian National Railways must come before parliament every year for the purpose of having the taxpayers of Canada wipe out a deficit. I think it is rather nonsensical to ask them to increase their pensions, wage rates, and so forth. That is the problem that has to be solved. Every worker has one fear, the fear of insecurity. Where do I go from here after I reach the end of my years of productivity? If you can solve that problem you will have solved one of the major problems affecting all workers of Canada, farmers, fishermen and industrial workers. It is not going to be solved by trying to place the responsibility on industry and the workers themselves.

There are good examples right now in the United States. The coal industry has been practically paralysed for several months. They are wrangling in the steel industry. They are coming out of it in some kind of way at the present time, but they will repeat the performance next year. There is only one answer to the problem. If you intend to provide some kind of pension, and nothing under $100 a month is worth while, there is only one way it can be done fairly so as to equalize both the payment and the contribution, and that is by taxation. If the government of this country think that when workers reach a certain age, and have been in a given industry for a certain period of time, they should have a retiring allowance, then they should work out a social security tax for that purpose.

Mr. Smith (Calgary West): On a contributory basis.

Mr. Gillis: You will be contributing when you pay your taxes. Everyone would pay an equal amount into that fund, and everyone would share equally in it when they reached the retiring age. Then you would have one national administration handling the fund. As it is now, with these piecemeal arrangements as between industry and industry, you have overlapping and millions of dollars wasted in administration, which a government department would offset. Unless we

get down to thinking in those terms, in my opinion we are wasting time; there is no solution. On the basis of their balance sheets the Canadian National Railways are not in a position to pay any more, as far as I can see; and in the final analysis it is the taxpayers who have to bear the cost of wiping out this deficit year after year. I believe we have to get down to business and think more or less along these lines. It is simple enough; tax everyone, so that everyone contributes and everyone shares. You will have one administration, which will simplify bookkeeping and be more efficient.

I have lost interest in these business and industrial pensions. I know where the mine worker winds up. I know where the steel worker winds up—on the scrap heap, with a broken back. That is the thing that worries him all his life. He carries about $500 insurance, enough to bury him. He tries to pay for that, but there is no hope for anything at the end of the trail except a worn-out, broken body. Thousands of workers are in that position today. I merely make these observations in order that hon. members may come to think of these matters along these lines. The pulp and paper industry of this country has established a decent pension of $100 a month. That industry can afford to do so. If a man passes away and his wife is left behind she receives a death benefit of $2,500, and all the contributions her husband made are paid back plus interest.

Mr. Smith (Calgary West): That is at age sixty-five.

Mr. Gillis: That is the retirement age. If we want to equalize the load and have everybody bear an equal share on a contributory basis, the only way to do it is by taxation.

Mr. Sinclair: Perhaps I might answer the questions asked by the hon. member for Kamloops. His first request was for a list of the capital expenditures and capital indebtedness; but the hon. member sent me a note saying that he has now obtained that information. I listed those figures in my opening explanatory remarks, and they will be found also at page 336 of the report of the sessional committee. They will also appear in the bill which will be introduced after the resolution is adopted.

The hon. member's second question was why there was no limit in the second part of the resolution, that part which I described as providing a revolving fund. The C.N.R. deficit, of course, is only estimated at the amount mentioned, $37,800,000. It is quite true that this amount could be specifically mentioned in the resolution and in the bill, but I repeat that it is only an estimate. The hon. member mentioned that if by any chance this estimate was exceeded, the C.N.R. could follow the ordinary practice of borrowing. However, the C.N.R. cannot borrow from banks in the way other railways can; it is limited to borrowing from the government, as a check on its borrowings. That is why it was necessary to more or less give them an open revolving fund, but parliament has a further control when the deficit bill is presented in the spring.

Then the hon. member asked why it was necessary to have two separate parts of the bill, an authorization for this extra capital expenditure in the first part and in the second part the authority to draw on the government if need be in order to meet current expenses. In the resolution last year there was no specific limiting date on the second part of the resolution, as we have in this resolution. Here, toward the end of the second last line, we have the specific date, "before the first day of April, 1950." This was not in the resolution last year, as it was hoped to obtain authority for a perpetual revolving fund. At that time it was the opposition who objected, and asked the Minister of Finance to have a specific limitation of one year each year. For that reason we find it necessary to incorporate the authority for the revolving fund, which was granted last year only for one year, again in this bill.

Mr. Fulton: I am afraid the hon. member misunderstood my question with regard to the second part of the resolution. My question was not why there should be a second part. I quite appreciate that it is necessary because the advances are made only for one year, as we asked last session and as is being done again. My question was why the second part of the resolution was not divided into two parts, one dealing with the C.N.R. and the other with T.C.A. for the reason, as I pointed out, that the two systems are under the authority of different ministers. While this is admittedly purely a financial matter, nevertheless the bill founded on this resolution is bound to enter into some detail, and in the same way the discussion is bound to involve some details respecting the C.N.R. on the one hand and T.C.A. on the other. So I should have thought it would be more convenient, and would make for greater clarity in dealing with the matter, if we had two separate bills with respect to the two separate systems.

Mr. Sinclair: The obvious answer is that the annual reports and budgets of these two companies are considered by the one committee, and this resolution and the bill are founded upon the final report of that committee. It is quite true, as the hon. member says, that as far as the operation of these two companies

is concerned they come under different ministers; but since the budget is examined by, and the recommendations come from, the one committee, and since this resolution seeks to implement those recommendations, it was considered advisable to have just the one resolution.

Mr. Fulton: Matters like trade agreements are considered by the banking and commerce committee. So are all sorts of other matters which you would not dream of incorporating in the same bill, though they are considered by the same committee.

Mr. Sinclair: The difference is, as I pointed out, that the two reports are sent to the committee at the same time; they are discussed by the committee at the same time and are dealt with together in the final report of the committee. Therefore it seemed to the Department of Finance that the convenient way would be to include them in the one resolution and the one bill.

Mr. Smith (Calgary West): The hon. member for Cape Breton South has changed his seat, and I have difficulty in locating him. It is going to come as quite a shock to him when he hears me say that I am largely in agreement with his remarks this evening. But while I say that, in the interests of those who control the capital in industry I think perhaps one should mention the tremendous steps that have been taken to provide security for their employees. I am glad the hon. member mentioned the pulp and paper industry; he gave very accurate figures in regard to what they have done. I agree with him in regard to the small chap who is not able to provide anything like this; that is understandable. I want to say that the steel company in Hamilton, Imperial Oil and various pulp and paper companies have made great contributions, unasked, without the use of force and without strikes, in an endeavour to provide security for the people who work for them.

I appreciate, and I agree with the hon. member, that this is not good enough. We must make it more general. I was going to refer to those who sit around me. I used to be able to mention those who sit opposite me, but now I am reminded of the charge of the light brigade, who had cannon to the right of them, cannon to the left of them and cannon behind them which volleyed and thundered. These fellows who shoot from my back I know do not intend to shoot me in the back, but they cannot speak from any other position than that which they have been assigned because of this tremendous majority of Grits in this House of Commons. So I say once more that I think this is the point the hon. member had in mind: we must devise some contributory scheme, be it by taxation or otherwise, by means of which we shall solve this whole problem of old age. Perhaps it is not altogether a problem of old age, but through injury or something of that sort there are those who have not the energy or the ability to keep themselves and their families. I had in mind some monthly or quarterly contributions.

I turn now to this resolution directly, and I think of something I said this afternoon, but I shall not quote that, Mr. Chairman, because I know there is a rule forbidding one from quoting anything said in a previous debate. I think the principle is the same, however. What we are doing is not so much considering these few dollars, although they are in the millions. I have been here long enough to know that a million does not amount to much, I mean broadly speaking; I do not understand it myself. At some time, we must come to the point of fixing this stupid capital structure of the Canadian National Railways.

This afternoon we did the same thing as we did in the past when we took over a bunch of broken railways. The man who put that through was Arthur Meighen who, in my judgment, is one of the greatest statesmen that ever lived. Putting that measure through killed him politically, but he was the man who did it. We found a lot of individual railways who could not look after themselves and we had Mr. Hanna, since gone, take them over. I was his personal solicitor, and if any of you knew him you can imagine some of the difficulties I had.

Later, in the history of this railway, we got Sir Henry Thornton. He bought a hotel in Paris for a million dollars. We needed that hotel as much as I need a third leg. Perhaps I need a third leg more because I have one bad knee, but we needed the hotel about as much as you normal fellows need a third leg. He did a great service, though. For the first time, he made a railway. Sir Henry Thornton put spirit into that company. He was expensive, but he put spirit into the Canadian National Railways, for which I think he will be long revered and long remembered. I am going to say this to the parliamentary assistant to the minister and to the Minister of Transport who, happily, is in his seat. I do not want any wrong inference drawn from that statement—I think he is more in his seat than any other minister, so I am complimenting him on that. What we have to do is solve this problem. Do we want to sit here year after year—

Mr. Gibson (Hamilton West): No.

Mr. Smith (Calgary West): There is something in that statement. Incidentally, I think

that is the brightest remark ever made in the House of Commons by the minister who just made it. Do we want to sit here year after year voting deficits?

Supposing any member of this house knew he had an overburdened capital structure which he could not overcome. What courage have you, what spirit have you to carry on, knowing that all you are doing is gnawing away at a great mountain of debt? Remember, this debt is owed to the Dominion of Canada. Why we do not take the bull by its horns or cut the Gordian knot—or whatever those fancy expressions are—and reduce that capital structure to what it should be, is something I do not understand. We should give these men a chance to operate the railway. Is there anyone on the ministerial benches who could tell me that his morale would not be affected by the tremendous mountain of debt in front of him, so that no matter how well he ran the railway he would have to come back to the House of Commons for millions of dollars more? Those millions are going to pay interest on a capital debt which is ours.

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

Mr. Smith (Calgary West): Yes, indeed.

Mr. Chevrier: Would the hon. member tell me whether or not his party would support a revision of the capital structure of the Canadian National Railways by way of amendment to the capital revision act?

Mr. Smith (Calgary West): No, but I will say this; I am not in a position to speak for my party, but I will support it. That is the largest undertaking I am prepared to give.

Mr. Thatcher: Some of the other parties, too.

Mr. Smith (Calgary West): You may be able to speak for your party, but I never knew you to be in that position before. I think I have given the largest undertaking of which I am capable.

My real point is that it does not mean a dollar to us. We vote these deficits by way of paying interest owing to ourselves. Let us give this outfit a chance to operate. Let us give them a bit of courage to do a better job. Now, they are operating under a wet blanket all the time. I believe I have made myself clear.

Mr. Knowles: On the question the Minister of Transport asked the hon. member for Calgary West—

Mr. Chevrier: I did not ask the hon. member, I asked the member for Calgary West (Mr. Smith).

Mr. Knowles: I am asking the Minister of Transport why, with the huge majority at his command, he does not bring in such a bill.

Mr. Hansell: I shall only take one minute. I have listened with some interest to the last few speeches. They have been clamouring for some solution to a problem which needs a little more money. They are asking, How on earth can we do it? They turn a deaf ear to the only proposals that are able to accomplish it, and those are the proposals that have been made during the past fourteen or fifteen years by the group that sits in this corner of the house. Social Credit is the answer. Let some jackasses laugh if they so wish, but they have not the answer and that is all there is to it.

Resolution reported, read the second time and concurred in.

Mr. Fournier (Hull) thereupon moved for leave to introduce Bill No. 148, to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railway system during the calendar year 1949, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

Motion agreed to and bill read the first time.

GOLD MINING

AMENDMENT OF ACT RESPECTING EMERGENCY PAYMENTS TO OPERATORS—PRODUCTION OF GOLD IN CONCENTRATES

Hon. Colin Gibson (Minister of Mines and Resources) moved that the house go into committee to consider the following resolution:

That it is expedient to present a bill to amend the Emergency Gold Mining Assistance Act in respect to the manner of calculating the amount of assistance that may be paid operators of gold mines, as prescribed by the act; also to empower the governor in council to prescribe by regulation, in the case of a mine producing gold in concentrates during one period and not producing bullion from such concentrates until a later period, the time when the gold shall be deemed to have been produced and the manner in which the cost of production thereof shall apply.

Mr. Thatcher: Is the minister going to make a statement on this measure?

Mr. Fournier (Hull): Yes, in committee.

Mr. Deputy Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Fournier (Hull): The question has now been put. The hon. member can say the same thing in committee.

Mr. Smith (Calgary West): No, I do not think so; not on the resolution that is before us.

Gold Mining

Mr. Fournier (Hull): The question has been put. I think the hon. member can say the same thing in committee.

Mr. Smith (Calgary West): All right; but I do not think we should adjourn without a statement tonight.

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

Mr. Gibson (Hamilton West): I hope it may be possible to have this resolution passed tonight so that the bill may be distributed and discussion may take place on the second reading and in committee.

The Emergency Gold Mining Assistance Act was passed to provide assistance to the mines in defraying part of the post-war increase in the cost of production during the years 1948, 1949, and 1950, during the time that the product they were producing was selling at a fixed price. It has been of great assistance to the mines and has enabled some of them to continue in operation where they would otherwise have been forced to cease production, with resulting hardships to mining areas.

Experience has shown that some amendments to that act are desirable, and the amendments that are proposed come under three headings. The original act provided assistance on gold produced in excess of two-thirds of the production in the base year; that is, in the year ended June 30, 1947. The first amendment provides that assistance will be payable to mines when, through no fault of their own, production has decreased below production of the base year. Assistance will be payable on one-third of total production in such cases. I may say that several mines have continued in operation in expectation that this legislation will be passed.

The second amendment in this bill is necessary because of the difficulty that occurs when gold is produced in concentrates. In some cases mines produce gold in concentrates during one year, but do not reduce the concentrates into bullion until a later year. As a result, costs of production of an ounce of gold have been considerably lowered in the year the bullion is produced, while the heavy costs of production take place in years when the ore is taken from the mine. This amendment provides that the governor in council may regulate the manner in which the costs of production shall be calculated, so that the assistance payment will be truly related to the actual cost of producing the gold.

Mr. Smith (Calgary West): Do you mean that, on gold produced several years ago and kept, you are going to go back?

Mr. Gibson (Hamilton West): No; gold which has been mined in one year and is in concentrate form and has not been reduced from the concentrate to bullion until a later year. It is much cheaper to produce gold bullion from the concentrate than it is to mine the ore. Consequently, the gold bullion will be related back to the year in which the ore was produced.

The third amendment recognizes the adjustment in the exchange value of the Canadian dollar and provides for the reduction in the amount of assistance payable to any mine during the year 1950, by an amount equal to $3.50 for each ounce of gold to which the rate of assistance applies. This amending act is to be retroactive to June 15, 1948, when the original bill came into force.

Mr. Smith (Calgary West): I am going to move adjournment of this debate. It is two minutes to eleven by the clock that I am looking at.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): On Monday we shall move to go into supply, call one item of External Affairs, and allow it to stand. Then we shall take up Bills Nos. 64, 65, 120, 133, and the bill based on the resolution passed this evening concerning the amendment to the Animal Contagious Diseases Act. If we conclude this business, we shall return to supply and take up Veterans Affairs or Labour or some other department; I am not too sure yet which one it will be.

I should have mentioned that, at the request of many hon. members on account of events that will take place on Monday and Tuesday, we shall not discuss the budget on either of those days.

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

HOUSE OF COMMONS

Monday, November 7, 1949

The house met at three o'clock.

ONTARIO CHEESE

DISTRIBUTION TO MEMBERS—NATIONAL CHEESE WEEK

Mr. G. T. Fulford (Leeds): Mr. Speaker, on a question of privilege I should like to explain to hon. members of the house that the packages of cheese which were placed on the desks in their rooms are a reminder that this is national cheese week. Throughout the week a campaign is to be carried on across Canada to acquaint our people with the many advantages of eating more cheese. It would help a great Canadian agricultural industry and at the same time improve our diet. The cheese you have received is the gift of the dairy industry. It is fine old cheddar of the type that is so much appreciated by the people of Great Britain. I cannot guarantee that it was produced in Leeds county, but I can assure you that it is almost as good as if it were.

HOUSING

INCREASED RENTALS—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 31

On the order for motions:

Mr. Gordon Graydon (Peel): Mr. Speaker, I ask leave to move, seconded by the hon. member for Eglinton (Mr. Fleming), under standing order 31, the adjournment of the house to discuss a definite matter of urgent public importance, namely—

Some hon. Members: Order.

Mr. Speaker: Standing order 31 provides that leave to make a motion of this kind must be asked after the ordinary daily routine of business has been concluded.

Mr. Graydon: I will be in first then, anyway.

[*Later:*]

On the order for introduction of bills:

Mr. Gordon Graydon (Peel): Mr. Speaker if I am now in order—

Mr. Speaker: Order. We have not concluded the ordinary routine of business.

NEW MEMBERS

Mr. Speaker: I have the honour to inform the house that the Clerk of the House has received from the chief electoral officer certificates of the election and return of the following members, viz.:

Of Paul Leon Dube, Esquire, for the electoral district of Restigouche-Madawaska.

Of William Malcolm Mott, Esquire, for the electoral district of New Westminster.

Of Joseph Celestin Nadon, Esquire, for the electoral district of Gatineau.

Of Edgard Leduc, Esquire, for the electoral district of Jacques Cartier.

Of Arthur Masse, Esquire, for the electoral district of Kamouraska.

NEW MEMBERS INTRODUCED

J. Eugene Lefrançois, Esquire, member for the electoral district of Laurier, introduced by Right Hon. L. S. St. Laurent and Hon. Edouard Rinfret.

Marcel Monette, Esquire, member for the electoral district of Mercier, introduced by Right Hon. L. S. St. Laurent and Hon. Edouard Rinfret.

Paul Leon Dube, Esquire, member for the electoral district of Restigouche-Madawaska, introduced by Mr. C. T. Richard and Mr. A. W. Stuart.

Arthur Masse, Esquire, member for the electoral district of Kamouraska, introduced by Mr. J. G. L. Langlois and Mr. Joseph Lafontaine.

Edgard Leduc, Esquire, member for the electoral district of Jacques Cartier, introduced by Mr. F. P. Whitman and Mr. J. A. Bradette.

COMBINES INVESTIGATION ACT

FLOUR MILLING INDUSTRY—REPORT OF INVESTIGATOR

Mr. M. J. Coldwell (Rosetown-Biggar): Is it the intention of the Minister of Justice to table the report of the investigator under the Combines Investigation Act on the flour milling companies?

Hon. Stuart S. Garson (Minister of Justice): Yes, later this afternoon.

[*Later:*]

Hon. Stuart S. Garson (Minister of Justice): If we might revert to motions for a moment, Mr. Speaker, I should like to table copies, in English and in French, of the report of the commissioner of the Combines Investigation Act, on the flour milling industry.

Rent Control

Mr. Coldwell: Since the minister has tabled this report, I should like to ask him a question concerning an item appearing in the Ottawa *Journal* of Saturday. Mr. Donald Gordon is supposed to have said that assurances had been given, verbally and in writing, by Mr. Gordon and his officers of the wartime prices and trade board that certain privileges would be granted to the flour milling industry following decontrol measures. Will the minister table any communications of that kind which may have passed between Mr. Donald Gordon and the milling industry or any member of the staff of the wartime prices and trade board?

Mr. Garson: Not having received notice of my hon. friend's question, I shall take it as notice.

EXPORT AND IMPORT PERMITS

AMENDMENT TO EXTEND LIFE OF ACT UNTIL MARCH 31, 1950

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved the first reading of Bill No. 143 (from the Senate) to amend the Export and Import Permits Act.

Motion agreed to and bill read the first time.

HOUSING

INCREASED RENTALS—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 31

On the order for questions:

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, before you proceed with questions I wish to present a motion, if I may—

Mr. Graydon: Mr. Speaker, I have already been on my feet seeking the floor, and I do not think you should call questions until I have had an opportunity—

Mr. Coldwell: I ask leave to move, seconded by the hon. member for Vancouver East (Mr. MacInnis),—

Mr. Graydon: I rise to a point of order—

Mr. Coldwell: —the adjournment of the house under standing order 31—

Mr. Graydon: On a point of order, before my hon. friend proceeds—

Mr. Speaker: Order. If this is a motion to adjourn the house on the rentals question, it is only fair that I should hear the hon. member for Peel (Mr. Graydon), as he intimated—

Some hon. Members: No.

Mr. Graydon: Thank you very much, Mr. Speaker. Under standing order No. 31 I ask leave, seconded by the hon. member for Eglinton (Mr. Fleming), to move the adjournment—

Some hon. Members: Order.

Mr. Coldwell: On a point of order, Mr. Speaker, I rose to move this motion at the right time and in the right place. As an old member of the house I knew when to move it.

Mr. Speaker: Standing order 31 reads:

> Leave to make a motion for the adjournment of the house (when made for the purpose of discussing a definite matter of urgent public importance) must be asked after the ordinary daily routine of business (standing order No. 15) has been concluded and before notices of motions or orders of the day are entered upon.

My trouble is that the next order is questions and not motions.

Mr. Knowles: Mr. Speaker,—

An hon. Member: Don't spoil it.

Mr. Speaker: It seems to me that we should take questions first.

Mr. Knowles: Mr. Speaker, does the difficulty not arise because the house has changed the normal order of business for Monday? Does standing order 31 not make it clear that such a motion should be made after the daily routine of business, as provided for by standing order 15, has been concluded?

If you will look, sir, at standing order 15 you will see that subsection (2) reads:

> (2) The ordinary daily routine of business in the house shall be as follows:
>
> Presenting reports by standing and special committees.
>
> Motions.
>
> Introduction of bills.
>
> First reading of Senate bills.

After that has been completed, I submit, is the time to move the adjournment under standing order 31. We have completed that routine, referred to as the ordinary daily routine of business. The difficulty arises because the next items are those which would follow if we were pursuing the usual routine followed on Mondays, but the house has adopted a motion under which on Mondays, questions come first after routine proceedings. It seems to me quite clear that this is the time when the motion should be moved.

Mr. Speaker: I think that I had better go on with the questions.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

NEWFOUNDLAND RAILWAY—COLLECTION OF FREIGHTS SINCE APRIL 9, 1949

Mr. Browne (St. John's West):

What amount of money has been collected by the Newfoundland Railway since April 1, 1949 (a) for freight on goods transported solely within the province; (b) for freight on other goods?

Mr. Chevrier:

The Canadian National Railways advise:

From April 1 to June 30, 1949:

(a) $767,119.

(b) $243,475.

Figures from July 1 have not been taken out, as they are not required for the railway's purposes, and to do so would involve taking staff off regular duties or special overtime assignment.

SCHOOLS OF SOCIAL WORK—FEDERAL ASSISTANCE

Mr. Knowles:

1. Is there a grant for assistance to schools of social work? If so, what is the amount of the same for the year 1949-50?
2. Has the government received representations asking that this grant be made again for the year 1950-51 and subsequent years?
3. If so, has consideration been given to such representations?
4. What is the result of such consideration?

Mr. Blanchette:

1. Yes—$52,500.

2. Yes.

3 and 4. The question is currently under consideration, but no decision will be finally made until the department's main estimates for 1950-51 have been considered and approved. Meetings are being held with representatives of the schools to discuss this matter on November 22-24.

MUSKRAT AND FUR FARM PROJECT, DELTA OF ATHABASCA RIVER

Mr. Dechene:

What progress has been made in the development of the great muskrat and fur farm project in the delta of the Athabasca river in the country tributary to Fort Chipewyan?

Mr. Gibson (Hamilton West): The area which it was proposed to develop is owned partly by Canada and partly by the province. While surveys and investigations have been made, the information obtained so far is not sufficient to enable a definite plan being made which would permit an agreement being entered into with the province for the joint development. Difficulties have been encountered in carrying out the necessary investigations and surveys owing to the high water levels. Negotiations with the province are being continued.

ELECTRIC POWER—EXPORT TO UNITED STATES

Mr. Church:

What is the total export of power from Canada to the United States by (a) Ontario; (b) Quebec; (c) all other provinces?

Mr. McIlraith:

Export of power from Canada:

	From Apr. 1, 1948 to Mar. 31, 1949	From Apr. 1, 1948 to Sept. 30, 1949
	K.W.H.	K.W.H.
From Ontario..	1,122,645,883	552,027,014
From Quebec...	649,346,632	326,072,896
From all other provinces	60,035,318	70,828,495
Total	1,832,027,833	948,928,405

NEWFOUNDLAND—FINANCIAL SURPLUS ON DEPOSIT WITH FEDERAL GOVERNMENT

Mr. Higgins:

1. What was the amount of Newfoundland's financial surplus set aside on deposit with the government on or after March 31, 1949?
2. What is the amount of the Newfoundland surplus still on deposit with the government?

Mr. Belzile:

1. $15 million.

2. $15 million.

QUESTIONS PASSED AS ORDERS FOR RETURNS

NEWFOUNDLAND—PUBLIC WORKS—HARBOURS AND RIVERS

Mr. Browne (St. John's West):

1. What projects of work of a public nature dealing with harbours or rivers generally, have been undertaken in Newfoundland since April 1, 1949?
2. Where are they located and what amount of money was allocated to each?
3. Have any other projects been approved? If so, what are the details?

NATIONAL DEFENCE—ENLISTMENTS, DISCHARGES, ETC.

Mr. Fraser:

1. How many men and women have joined each branch of the armed services since August 1, 1945?
2. How many of these men and women have been discharged as unfit for further service?
3. How many of those discharged are now receiving allowances or pensions?

HOUSING

INCREASED RENTALS—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 31

Mr. Gordon Graydon (Peel): Am I now in order to move my motion, Mr. Speaker?

Mr. Speaker: I will hear the hon. member.

Mr. Graydon: I ask leave under standing order 31, seconded by the hon. member for Eglinton (Mr. Fleming), to move the adjournment of the house to discuss a definite matter of urgent public importance, namely, the situation created by the government's arbitrary action in authorizing a drastic increase of rentals.

There is hardly any need for argument with respect to the urgency of this matter. I fancy the statements that have appeared in the press throughout Canada and the discussions that have taken place will indicate only too clearly to this house that nothing this session, perhaps indeed for many sessions, has agitated the people of Canada so much as the drastic announcement made by the Minister of Finance (Mr. Abbott) on Friday last.

Mr. Speaker: Order. The hon. member has stated his motion. It is moved under standing order 31, which reads:

(1) Leave to make a motion for the adjournment of the house (when made for the purpose of discussing a definite matter of urgent public importance) must be asked after the ordinary daily routine of business (standing order 15) has been concluded and before notices of motions or orders of the day are entered upon.

(2) The member desiring to make such a motion rises in his place, asks leave to move the adjournment of the house for the purpose of discussing a definite matter of urgent public importance, and states the matter.

The hon. member has stated the matter.

(3) He then hands a written statement of the matter proposed to be discussed to the Speaker—

The hon. member handed me a copy of his motion before I took the chair today, so I have the motion before me.

—who, if he thinks it in order and of urgent public importance, reads it out and asks whether the member has the leave of the house.

My difficulty in connection with this motion is that when the house rose on Friday the Minister of Public Works (Mr. Fournier), in stating the business for today, said:

On Monday we shall move to go into supply . . .

Therefore it would appear that the motion to go into supply will be made almost immediately, and as soon as the amendment now before the house is disposed of hon. members will have full opportunity to discuss the subject matter of the motion which has been presented to the house by the hon. member for Peel (Mr. Graydon). Under those circumstances, and considering the meaning of the word "urgency" as being that it is urgent that the matter should be brought before the house as soon as possible, I think this matter is not urgent, since in a comparatively short time the house will have an opportunity to discuss it.

Mr. Graydon: May I say one word with respect to your ruling?

Some hon. Members: No.

Mr. Speaker: Order. I will hear the hon. member.

Mr. Graydon: I want to make only one observation. There is an amendment to the motion to go into supply. I suggest that you would have been quite right, sir, if there had not been an amendment before the house to the motion to go into supply, dealing with an entirely different matter. There may be an amendment to that amendment; the debate may go on all afternoon, and it could easily be that we would never reach this very important matter, which I think requires the attention of this house now rather than some time later on in the day.

Mr. MacInnis: May I respectfully suggest, Mr. Speaker, that you may have made an error as to the order of business when the house considers the motion to go into supply? Order No. 2 on today's order paper reads:

Resuming the adjouned debate on the motion of the Minister of Finance that Mr. Speaker do now leave the chair for the house to resolve itself again into committee of supply, and on the proposed amendment thereto of Mr. Knowles.

That is the first order of business, and no other business in connection with supply may take precedence over it. I am afraid, Mr. Speaker, you overlooked that point.

Mr. Speaker: I did not entirely overlook it. It is quite true that I did not read the order in full, but as soon as the amendment is disposed of, hon. members will have every opportunity to discuss the question which has been raised by the hon. member for Peel. From the discussion that took place the other day it does not appear that the debate on the amendment will last much longer. I feel, therefore, that my first observation was correct.

MOTIONS FOR PAPERS

RED RIVER, MAN.—REMOVAL OF ROCKY BARRIERS

Mr. Knowles:

For a copy of any charts or diagrams in the possession of the engineering branch of the Department of Public Works, or any other branch or department of the government showing the full cross-sections of the rocky barriers at Lister's Rapids and at Grand Rapids in the Red river, between Winnipeg and Lockport.

Also a copy of any reports, dated since 1867, or correspondence, dated since January 1, 1945, with reference to the removal of the said rocky barriers.

IMMIGRATION BRANCH—DISMISSAL OF ANTHONY MAHADEY

Mr. Coldwell:

For a copy of all correspondence, telegrams, reports, documents and papers concerning the suspension or dismissal of Anthony Mahadey of Hamilton, Ontario, by the Department of Immigration.

UNEMPLOYMENT INSURANCE—REPORT OF A. D. WATSON ON SICKNESS INSURANCE

Mr. Knowles:

For a copy of the preliminary report in regard to sickness insurance submitted to the unemployment insurance commission by A. D. Watson, actuarial adviser of the department of insurance.

COMBINES INVESTIGATION ACT—FLOUR MILLING INDUSTRY

Mr. Knowles:

For a copy of all communications received by any minister of the government or by the commissioner of the Combines Investigation Act, or his deputies, from the Trades and Labour Congress of Canada, the Canadian Congress of Labour, the Canadian Federation of Agriculture, the Canadian Chamber of Commerce, the Canadian Manufacturers Association; also from any flour milling companies, or any other organization or company, or from any persons on behalf of such organizations or companies, having to do with changes or suggested changes in the Combines Investigation Act and/or in the administration and/or enforcement thereof, dated at any time since January 1, 1946, and for a copy of the replies thereto.

SUPPLY

The house resumed, from Monday, October 31, consideration of the motion of Mr. Fournier (Hull) that the house go into committee of supply, and the amendment thereto of Mr. Knowles.

INCOME TAX—DEDUCTION OF UNION DUES

Mr. Speaker: The house may recall that before this debate was adjourned on Monday last, I invited discussion on whether or not the amendment moved by the hon. member for Winnipeg North Centre (Mr. Knowles) was in order. Since then I have had an opportunity of studying this matter further.

It is quite true that wide latitude is traditionally allowed in respect of matters discussed and amendments moved on a motion to go into supply, and that grievances may be ventilated before the granting of supply. (See Journals, House of Commons, volume 66, page 246.)

On the other hand, there are certain well-established exceptions to this proposition. In particular, citation 467 of Beauchesne's Parliamentary Rules and Forms, third edition, makes it clear that an amendment to the motion to go into supply cannot relate to any resolution to be proposed to the committee of ways and means. At the present time there is on the order paper, appearing in the name of the Minister of Finance, a resolution to amend the Income War Tax Act and the Income Tax Act which is to be proposed to the committee of ways and means, and as the amendment of the hon. member for Winnipeg North Centre also relates to the Income Tax Act, it would appear to be irregular in view of the aforementioned citation 467. Also, if the amendment is allowed to stand there would be two motions on the order paper on the same subject at the same time.

Notwithstanding what I have said, in view of the fact that such an amendment might be in order after the budget resolutions are disposed of, and also because there has been considerable debate on the proposed amendment, I feel that it would expedite the business of the house if the proposed amendment were entertained and disposed of at this time. In reaching this conclusion, I should like to emphasize that this should by no means be regarded as a precedent to be followed on future occasions.

Mr. Angus MacInnis (Vancouver East): When we were dealing with this subject last Monday, I moved the adjournment of the debate. At that time I had no intention of resuming the debate today. I moved the adjournment of the debate solely in order to give Your Honour time to consider your ruling. In the meantime I have decided to say a few words on the amendment.

It is almost superfluous for me or anyone else to try to add to the clear statement made by the member for Winnipeg North Centre (Mr. Knowles) when he proposed the amendment. But if for no other reason than to emphasize certain points that are important in the question at issue, I shall say a few words.

Let me read to the members the amendment which is now before us. It is to be found on page 1292 of *Hansard*, and reads as follows:

That all the words after the word "that" to the end of the question be struck out, and the following be substituted therefor:

"this house is of the opinion that the government should give consideration to the introduction of legislation amending the Income Tax Act so as to make it possible for taxpayers to deduct trade union dues from income before computing the amount of income tax to be paid."

During the years 1945, 1946 and 1947, a member of a trade union was entitled to deduct his trade union dues from his taxable income. I say "entitled" but he was not allowed the deduction because the

rulings made by the income tax branch denied him the right the law gave him. In 1948, a Mr. Cooper, of the city of Winnipeg I believe, a trade unionist, appealed the income tax branch ruling to the exchequer court. He won his appeal. The ruling of the court was that a trade unionist was entitled to include trade union dues as a deduction from taxable income.

It is interesting to note that the government's decision to amend the act in order to overcome the court's ruling did not await the court's decision. Mr. Cooper filed his claim with the exchequer court on April 23, 1948, and a resolution to amend the Income War Tax Act was introduced into this house in May, 1948, which took away from a trade unionist the right to deduct his union dues. The amendment was passed by this house and incorporated in the new Income Tax Act.

The practical effect of the change is that doctors and lawyers still have the right to deduct their association fees, while trade unionists and teachers have not that right. This seems to me to be class legislation, class distinction of the grossest sort. I know there is a distinction made in the act as between income from fees and income from salaries, but that does not make the provisions of the act any the less class legislation. I believe that distinction was condemned by the exchequer court in the Bond and Rutherford cases. It was also mentioned in the Cooper case.

The issue that has been raised in the amendment moved by the hon. member for Winnipeg North Centre is quite clear. Let me state it again. The Income Tax Act allows deductions of payments to associations if expended for the purpose of earning an income, if the income is earned by fees. The same deductions are not allowed if the income is earned by salary or wages. Under the law as it stood in 1945, 1946 and 1947, I pointed out that trade unionists were denied the benefit of the deductions by departmental ruling. In replying to a question asked by the hon. member for Winnipeg North Centre earlier this session as to the intention of the government to allow trade union dues as a deduction from taxable income, the Minister of National Revenue (Mr. McCann) gave the following answer, which appears at page 279 of *Hansard*:

> Hon. J. J. McCann (Minister of National Revenue): The judgment of the exchequer court in the case of Cooper *v.* the Minister of National Revenue was in respect of the 1945 taxation year. In respect of claims by taxpayers for that year, and for the years 1946 and 1947, which are not statute barred, the department will make adjustments in accordance with the exchequer court decision.

[Mr. MacInnis.]

I submit, Mr. Speaker, that that reply is sheer sophistry. No one knows better than the minister that it is more than likely that any claims that might be made by taxpayers for the years mentioned are statute barred. The claims would be statute barred if they were not made within two months of notice of assessment; and I doubt very much whether there are any cases in those two years in which notice of assessment was not received by the taxpayer more than two months ago. Even then a claim would be allowed only if it was made when filing the income tax form and denied by the department.

Trade unionists found that it was useless to put down trade union dues as a deduction from their income tax, and they stopped asking for those deductions because they found that they were not allowed. I think the government should now indicate its willingness to accept the principle in the amendment, and I think the mover should withdraw it. That would enable the government to deal fairly as between persons in the various trades and professions in this country who must belong to an association in order to earn a living. If the ministers concerned do not indicate that they are willing to do that, I suggest that here is a question with regard to which every member in this house who calls himself a Liberal should be prepared to stand up and insist that the Liberal principle of no class distinctions and no discrimination should apply in our income tax laws.

Mr. J. A. Byrne (Kootenay East): It is not often, Mr. Speaker, that I agree with the principles expounded by the opposition. In this matter, however, I certainly feel that the Liberal party are making a distinction they should not make when they say that because a person is in the salary or wage bracket he is not entitled to deduct the fees which he pays to his organization. I cannot see any reason for such a distinction. I must say that I agree wholeheartedly with the amendment on this principle.

There certainly is no shortage of members of the legal profession in this house, and on a number of occasions I have heard those gentlemen say that they cannot follow the argument used by the labour union to the effect that their members must belong to an organization before they are entitled to work in their particular trade. I do not know too much about the barristers' organization, but I feel that they have some such organization which calls for the payment of dues before they are allowed to practise in certain provinces. In addition, when they move from one province to another I believe they have to pay additional fees. If that is not a correct statement I should like to be corrected, but I believe it is so.

It has been contended that we are not working under a free system if we must pay dues to an organization in order to work. For some time I have been in the labour movement, and on occasions have disagreed with the closed shop principle—not for the reason put forward by the lawyers, but because I have felt that it might tend to make a bit lackadaisical the leaders of the labour unions, who are responsible for going out and fighting for better conditions. That is my point of view on that particular question.

I certainly do not hesitate to say, in conformity with what has been said by the hon. member for Vancouver East (Mr. MacInnis), that it is a matter of discrimination when we say that because persons are not salaried they are working in a free competitive way and are exempt from this income tax, whereas those who are compelled to pay union dues, or who pay them voluntarily, are not able to deduct them from taxable income. I support the amendment.

Mr. R. R. Knight (Saskatoon): I want to say a word or two, Mr. Speaker, in support of the amendment moved by the hon. member for Winnipeg North Centre (Mr. Knowles) when the debate was adjourned on October 31. By virtue of the decision just given by you, sir, we have an opportunity to say a word or two upon it today.

This amendment has to do with the deductibility for income tax purposes of dues paid by union men into their respective union organizations. I am interested also in the fees paid by teachers to their professional organization.

At the outset I think I might put the amendment on the record. It appears at page 1292 of *Hansard,* and reads as follows:

> That all the words after the word "that" to the end of the question be struck out, and that the following be substituted therefor:
>
> "this house is of the opinion that the government should give consideration to the introduction of legislation amending the Income Tax Act so as to make it possible for taxpayers to deduct trade union dues from income before computing the amount of income tax to be paid."

I am drawn into this debate by my desire to correct the impression which I think was given by the Minister of Finance (Mr. Abbott) last Monday night, namely, that the fees paid by teachers into their professional organization were not allowed as a deductible expense for the years 1945, 1946 and 1947, contrary to the position that had been maintained by the hon. member for Winnipeg North Centre.

First of all, the facts are as follows. During 1945, 1946 and 1947 at first—and I would have you note the words "at first", Mr. Speaker—doctors and lawyers were allowed deduction of these professional fees—but on their gross income, not on their net income—while teachers were allowed it all across the board. Afterwards, in the Bond and Rutherford decisions, it was agreed that doctors and lawyers were to have that right, even if they were on salary. At that particular point these three groups enjoyed deductibility on income across the board, but it was denied to men in labour organizations so far as their union dues were concerned.

On page 1288 of *Hansard,* the hon. member for Winnipeg North Centre is reported as follows:

> The act made it clear that people who laid out moneys wholly and necessarily for the purpose of earning an income could deduct those expenses from their taxable income before computing their income tax. The income tax department ruled that in the case of doctors, lawyers and teachers, that provision included the right to deduct their professional fees.

May I say, Mr. Speaker, that my colleague has made it clear, as will be seen by the paragraph above the one I have quoted, that he was talking about the years 1945, 1946 and 1947. Let us take a look at the reply of the Minister of Finance:

> Mr. Abbott: Not if they were on salary.
>
> Mr. Knowles: I beg the minister's pardon.
>
> Mr. Abbott: No.
>
> Mr. Knowles: In 1945, 1946 and 1947 they were permitted to do so.

Referring to the argument of the hon. member for Winnipeg North Centre, in particular as it pertains to the teaching profession, sir, I should like to direct your attention to the following material. I shall quote from a letter from the Saskatchewan Teachers Federation dated September 23, 1949. This letter was written in reply to a question of mine. The letter reads as follows:

> It is quite true that the income tax department withdrew the right or privilege of teachers in Saskatchewan, and I may say in other parts of Canada as well, to deduct for income tax purposes the fees paid to their professional organizations.

Note this:

> The first intimation which we had that any change had been made was last spring—

Since this letter was written in September, 1949, the phrase "last spring" refers to the spring of 1949. I continue:

> —when teachers started writing in to us stating that they had been informed that S.T.F. fees were no longer deductible. Perhaps the quotation from a letter received from the Regina income tax office by a teacher in Moose Jaw may make the point clear:
>
> "It is further to be noted for the taxation year 1948 and subsequent years, no allowance can be made with regard to Saskatchewan Teachers Federation fees. Please be advised that Saskatchewan Teachers Federation fees were only allowed as an expense against salaried income with respect to school teachers—"

Income Tax Deductions

And I draw this to the minister's attention:

"—with respect to the taxation year 1947 and prior years."

This letter was dated April 14, 1949.

That should dispose of the statement of the minister with regard to these years.

Mr. Abbott: That was following the court's judgment.

Mr. Knight: On behalf of the Saskatchewan Teachers Federation, inquiry was then made by the Canadian Teachers Federation of headquarters at Ottawa, and Mr. Croskery in charge of the office applied directly to the deputy minister. He received a letter from the legal division of the department which confirmed the ruling handed out by the Regina office. I quote from the letter received by him:

Prior to 1947, in those provinces where under provincial legislation it was compulsory for the teacher to belong to the provincial federation, the membership fee paid by the taxpayer was considered a deductible expense.

However, in 1948 by legislation enacted by section 3, subsection 1 of chapter 53 of the statutes of 1948, assented to 30th June and applicable to the 1948 taxation year, a new subsection was added to section 6 of the Income War Tax Act. The new subsection 6 of section 6 of the Income War Tax Act requires that in computing the income from an office or employment, no amount is deductible for a disbursement or expense laid out for the purpose of earning the income. An exception is granted in the case of certain employees of transportation companies, where, subject to the requirements described in the proviso to the subsection, certain relief is extended.

Similarly, under the Income Tax Act, applicable as from the 1st January, 1949, section 5 of this act provides that in the computation of income from an office or employment, no deduction except those specified in the act may be allowed. Membership fees paid to an organization such as the teachers federation and to similar organizations are not among the allowable deductions.

In supporting my hon. friend's amendment, that is the thing to which I object, and which I would ask this government to take into further consideration. That was the new ruling—but note that the date of application is January 1, 1949. As an instance of how government business is done, the letter goes on to say:

We—

"We" means the Saskatchewan Teachers Federation.

We were very much disturbed about it, particularly in view of the fact that we had in our February bulletin advised teachers that the fees were deductible.

That means at the beginning of that year these people did not know that the deductibility which they had enjoyed over the years was to be taken away from them. The letter goes on to say:

It seems to us that we should be given some notices of such changes.

That is the case for the Saskatchewan Teachers Federation.

Another reason I am drawn into this discussion is that the Minister of Finance, in his genial way, and what some of his political enemies sometimes call his flippant way, made some remark about farmers' salaries, just as if farmers as such might not be interested in this particular matter. I propose to quote to him editorial opinion from a well-known weekly newspaper printed in my own city of Saskatoon, which serves almost entirely a farm public. The quotation which I am about to read is taken from the *Western Producer* of July 7, 1949.

The editorial, which is aimed at bureaucrats, is rather long; I shall not put it all on the record, but I shall take from it as I go along such passages as I consider relevant. I quote:

The activities of the bureaucrats have been exposed many times. The other day there was an interesting example of their methods. It may be worth reviewing here. Mr. Justice Angers of the Exchequer Court of Canada ruled that Joseph A. Cooper, a Winnipeg movie projectionist, was entitled to deduct union dues before making out his income tax for 1945. This case, it should be noted, had been pending for a long time. The decision was based on the parallel provision under which professional men have been allowed to deduct dues paid to their societies.

It was obvious that this ruling would affect thousands and hundreds of thousands who, over a period of years, had accepted the revenue department's ruling that such dues were not deductible. It may be asked: Why did they accept this in the first place? The answer is: How many working men are in a position to take the matter to the exchequer court? The department, acting as judge in their own case, interpreted the law in their own favour, pretty sure that no one would have the hardihood to challenge their decision. Luckily they were wrong when Mr. Cooper came along as challenger and succeeded.

The judge's decision caused quite a flurry in the Department of National Revenue at Ottawa.

Well it might. The editorial continues—and I would point out that this is the editor's language, not mine:

However, the back-room boys of the revenue department soon recovered their self-assurance. The very next day they came up with the announcement that it was too late for any but a few union members to get refunds from past taxes. They gratuitously admitted that union members would have made savings by deducting their union dues in past years. But as it is, they blandly asserted, the only union members who will now be affected by Justice Angers' ruling are those whose tax cases back to 1945 are still open—a mere handful. The department explained that Canadians are allowed sixty days in which to appeal their assessments. If no appeal is received the case is closed and once closed cannot be reopened. There it is. The moneys wrongfully extracted from workers by the revenue department as a result of its own erroneous interpretation of the law are now safe in the federal treasury and are going to stay there. The public once again has been trimmed and the bureaucrats can breathe a sigh of relief.

A few points may be noted. They say that after sixty days a case cannot be reopened. That is not

true. A case can be reopened years and years afterwards, that is, if the officials can find any loophole whereby more taxes can be levied. True, it is closed against any discovery that the taxpayer has been overassessed as in the cases under review, but not if he is underassessed—a neat loading of dice in favour of the bureaucrats.

Another thing: the department had known for years that this matter of union dues was being disputed. They knew that there was a possibility that judgment would be handed down against them. If they were the servants of the public, as they are presumed to be, surely they should have intimated to this large class in the community that final judgment was still pending, should have kept their cases open and in the outcome, like true civil servants, should have come forward, cheerfully and apologetically with refunds to the people whom they are paid to serve and who pay them for their services.

As a last word:

The important point about all this is not the question actually involved. The important thing is the conduct of the department of revenue. It provides a working example of the new bureaucracy in action. It demonstrates that the men we thought were our servants—civil ones at that—do not themselves so interpret their position. They see themselves as masters—taskmasters—not only of the public but of the legislative and judicial arms of government.

So much for the quotation from that farm paper.

Mr. Gillis: What farm paper is that?

Mr. Knight: The *Western Producer,* of July 7, 1949, a weekly paper published in Saskatoon.

Mr. Speaker: May I remind the hon. member that it is not customary to read long extracts from newspapers dealing with matters before the house.

Mr. Knight: Your warning came at exactly the right time, sir, because I had just concluded the quotation.

Mr. Speaker: I hope the hon. member will endeavour to abide by the rules in future.

Mr. Knight: I shall wait until the time comes. I do take the matter seriously, and if it is against the rules to quote at such length, I shall not transgress again.

In conclusion, I want to support my colleague's plea for the deductibility of fees paid by union workers and teachers. If we support deductibility in the case of the worker, we cannot very well be opposed to it in the case of someone else. I care not whether a man works with his hands or with his brain; I plead for equality. Either let us permit the deduction of union dues, or let us not have it at all. If it is right that such fees should be deductible for one class, then they should be deductible for all.

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, perhaps it might be appropriate if I were to say a word at this point. I shall preface what I am going to say with the statement that I do not question for one moment the fact that in some cases union dues are necessarily incurred by an employee in order that he may work in a certain plant. It is necessary that a lawyer pay his law society dues in order that he may practise, and for the same reason it is necessary for a physician to belong to a recognized medical society and pay dues thereto. I do not doubt for one moment that it is in the interests of the teaching profession that teachers should belong to recognized associations and pay dues thereto.

Mr. Coldwell: Compulsory fees.

Mr. Abbott: Even if they were voluntary, I should think that the same principle would apply.

The hon. member for Winnipeg North Centre (Mr. Knowles) pointed out quite fairly that there was a distinction between gross income and net income. As I said the other day, as I have said on numerous occasions in this house and as my predecessor before me has said, the principle of our income tax has always been that salaries and wages are net income. Salaries and wages are supposed to be set at a level sufficient to enable the salary or wage earner to pay such necessary expenses as car fare to and from work, and a number of other things I could cite which are necessary in order that he may carry out his duties.

It has always been permissible for an employer to pay such things as travelling expenses. If a lawyer is on a fee basis, he is entitled to gross his fees and deduct such expenses as rental, stenographic help, bar society fees and the like. If he is on salary his employer is entitled to pay his bar society fees and charge that as an expense of his operations. That happened in my own case. When I started to practise law I received a salary of $75 a month from the firm of which I am now a partner. The partners in the firm paid my bar society fees. When I became a partner, the bar society fees of the juniors were paid by the partners and deducted from the gross legal fees as an expense of doing business. There is no discrimination.

There is a practical difficulty in accepting salaries and wages as being gross rather than net. It has been found in Great Britain and here that it would be practically impossible to administer the act and check deductions from salaries and fees. There are a great many types of deductions besides union fees which could be made. I cited car fare, the cost of transportation to and from work; and there might be the cost of lunches if a worker was unable to get home, the cost of overalls or uniforms in certain types of work. Some

employers do provide uniforms, overalls or tools, and charge them as an expense of doing business.

Those are the practical difficulties in the way. My officials have always believed, and I share that belief, that it would be practically impossible to work out a system of income tax on salaries and wages providing a scale to allow these general deductions from wages and salaries. In other words, it has always been regarded as necessary to consider them as net rather than gross.

Mr. Green: Would there be any difficulty in allowing the deduction of union dues?

Mr. Abbott: No, I should not think so; but if union dues are allowed as a deduction necessarily incurred for the purpose of carrying on business, I do not see how we could stop there. There are many other deductions that could be claimed, such as car fare to and from the place of business, which is perhaps an obvious example. These are the practical difficulties in the way. It is the view which has been taken of the matter in the United Kingdom, in the United States, and here.

There is an alternative practice which is followed in the United States and which we have considered. I am told they allow a blanket deduction of some 10 per cent from salaries or wages to cover such things as union dues, charitable donations, medical expenses and the like. It is a blanket deduction. For reasons which may have been good or bad, we have always resisted that, because we felt that the people who would be most likely to suffer would be the churches and the charities. Human nature being what it is, everyone would take the full 10 per cent deduction, but they might not make the donations which they otherwise would if they could get a tax credit by doing so and producing a receipt.

We have considered the matter, and perhaps it should be adopted. Perhaps it is something to which we will come. It is certainly administratively practical. There would be no difficulty in the department of my colleague, the Minister of National Revenue (Mr. McCann), in seeing that sort of thing was properly administered, because it would be automatic. Another objection to it of course is that people with larger incomes get a greater benefit. Taking it all in all, we have never felt it was a particularly desirable system to introduce in Canada, and that it was better to adhere to the old principle which, as I say, has been followed in the United Kingdom from the time income tax on salaries and wages was instituted, the principle that salaries and wages are net and not gross, and that the salary or wage should be sufficient to enable the employed person to maintain these necessary things such as the payment of union dues, car fare, and so on.

Mr. Graydon: Do you follow the United Kingdom on everything?

Mr. Abbott: No, we do not, but our Income Tax Act has been based in part on the practice of the United Kingdom because the principles are similar. We do not tax capital gains in Canada as they do in the United States. They do not tax them in the United Kingdom. Broadly speaking, the structure of our income tax laws has been based on that in the United Kingdom, and I think wisely so. In the United Kingdom income tax was first introduced under Pitt, and we have the benefit of long experience there with good courts to interpret the law. It has always seemed to us that we can usefully benefit from their experience.

I am putting these facts before the house because they are the facts. I have stated them on several occasions. My predecessors have stated them. They are the reasons why, up to the present time, we have felt it was not in the interests of the taxpayers as a whole to allow a general deduction from salaries and wages. There are two exceptions to that rule. I think the hon. member pointed out more than that, but there are two real exceptions. The first is in the case of railway employees. For years that was restricted to railway employees who are on what is known as a mileage basis. Then, for reasons which I need not go into, it was extended to the others. Broadly speaking, it was because it had been done by administrative decision, and once you have given something it is very hard to take it away. It was looked upon as traditional in the railway business. The railway unions are well organized. They have a scale of expenses established, and I am told it is easy to administrate and is adhered to.

The second exception is in the case of clergymen. That was introduced at the last session.

Mr. Knowles: Just a minute. I think the case of clergymen is dealt with in this year's budget resolutions. The other exception the minister has not mentioned is that of salesmen dealing with negotiable contracts.

Mr. Abbott: I announced in the house last year we were going to do this for clergymen. It was introduced in March, and it is again in the budget resolutions. That is the other real exception. There is a third case which might be looked upon as an exception, but in fact is not, the case of the commercial traveller. My hon. friend cited the other day the case of those engaged in negotiating contracts. I have

forgotten the exact phrase, but that is the legal way of referring to the work of commercial travellers.

To put it simply, there is a prohibition in the law preventing an employer giving his employee a fixed per diem travelling allowance. In the case of commercial travellers it was found that just was not practical, and that, although they were on salary and could turn in actual expense accounts, it was extremely difficult and expensive for the employer. The amendment was introduced to enable the employer to pay to the employee a per diem amount for his travelling expenses, and the employer deducted it for income tax purposes.

The hon. member raised the case of private members of parliament who receive a tax-free expense allowance. Again that is an expense allowance paid by the government of Canada for expenses presumably incurred by members of parliament, and unquestionably actually incurred. Those who have been members know that very well. In effect, however, it relieves a member of parliament of the obligation of turning in vouchers to the treasury officers and obtaining repayment of these expenses. I do not consider that as a real exception to the general rule. It is simply an efficient way to enable the employer in each case to pay the actual expenses incurred for him by his employees.

On a number of occasions the government has considered the desirability of making the change requested by the hon. member, and has rejected it. There is no reason why it cannot consider it again, but I believe I should say frankly to the house that my own view, as I am at present advised, is that it is undesirable. I want to point out of course that the terms in which the amendment is drawn make it a motion of want of confidence in the government, and therefore I am bound to oppose it.

Mr. G. F. Higgins (St. John's East): Mr. Speaker, I have listened carefully to the minister's explanation. I wish to say I am still in favour of the amendment proposed by the hon. member for Winnipeg North Centre (Mr. Knowles). I speak in a dual capacity. I am a member of the bar of Newfoundland, and I also happen to be president of a Newfoundland trade union. So far as I can see, the justification for the deduction of trade union dues is just as great as that for the deduction of bar fees. From a practical point of view I see no difference. As to one other comment the minister made, namely, the allowance of 10 per cent that is made in the United States for donations to churches and charities—is that it?

Mr. Abbott: Charities, churches, union dues, other incidental expenses of that kind.

Mr. Higgins: Before confederation we had the same principle in Newfoundland except that it only applied to churches and charities. Of course we now come under the dominion income tax rules, and these deductions are not allowable. I believe that is correct. It would appear to me that the suggestion of the minister as to the reason for not allowing the 10 per cent is that he, or possibly the Minister of National Revenue (Mr. McCann), does not trust the taxpayer in making his return. We all know what an honourable and respectable gentleman the taxpayer is in making his returns in these matters. I still feel that particular clause should be included. As I said before, I am only speaking briefly, but I entirely agree with the remarks of all hon. members who have supported the amendment. I feel it is one that might very well be agreed to by all hon. members of the house.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, the minister just made the observation that he considers the amendment a motion of want of confidence in the government. I am not particular whether or not it is, but I am glad that the discussion has taken place. I believe the minister made the best contribution so far to justify the necessity for the amendment. He stated if union dues were to be taken into consideration for purposes of exemption, then there were a lot of other items that the average trade unionist has to pay in order to maintain his employment and earn his wages or salary. That is absolutely right. Union dues would only mean $3 or $4 a year by way of tax exemption.

This is not a new question to the house. It was discussed in 1940, and I believe every year since then until an adjustment was made. My concern is that there are two most pertinent points that should be corrected. The first is the matter of discrimination. I believe that every hon. member of the house would want to see that removed. I do not think the minister wants to discriminate against anybody. The debate is timely because the budget resolutions must come before the house, and there is opportunity yet for the minister to correct that.

The second point, and I think it is more serious than the first, is the matter of who is working for whom. According to the decision of the exchequer court, for a number of years the income tax laws provided exemption for union dues. However, the income tax people did not understand that decision, or understood too well; in any event they failed to permit the deductions.

No one in this house can say that the interpretation of the law by the income tax

department was correct, and the committee has been shown that the department has wrongfully withheld money which should be returned to the people we are now discussing. I think the time has come in this country when members of this house have to ascertain whether they are working for the civil service or whether the civil service are working for the people of Canada and are responsible to the representatives of the people. There are thousands of very efficient, very decent civil servants in this country, but there are many who take the attitude that this House of Commons and its members are just something to be tolerated for a certain number of months, until they can get us out of here; that we are just a bunch of dumb clucks who have very little understanding of what we are talking about. I think every hon. member realizes that. A great many of the civil servants are very nice, but there are others who have no time to talk to you and do not bother with you.

When the minister comes to his budget resolutions I hope he will tell the house that in accordance with the decision of the exchequer court the government will return this money which has been illegally deducted or withheld from these people. I think he can remove that discrimination; but now that this discussion has focused attention on this matter I would suggest that in addition to deductions for union dues there are other things that should be considered. A commercial traveller gets a car allowance, and all that sort of thing. I am not going all over it again; the minister has done it and the hon. member for Winnipeg North Centre (Mr. Knowles) has done it; but I would give the example of the coal miner. Certain deductions are made from his pay every week, money he is obliged to pay. He has to make a payment as insurance that he will have a doctor in the event he becomes ill. He must make a hospital payment, or he cannot work. That mounts up to $52 a year. He has to buy all the materials he uses for blasting his coal underground. That applies to the rock miner also, and it runs into a good deal of money. The miner must pay approximately $4 a week in order to be employed underground in most of the mines in Canada. It seems to me those expenditures are as legitimately a tax deduction as the expenses of the lawyer who maintains an office, a stenographer, and so on. If the lawyer has to maintain his office and spend that money in order to earn a living he is entitled to that deduction; but I also think the trade unionist, the worker who is obliged to make these payments if he is to be employed by the company, is also entitled to a deduction.

That is all I have to say. I think the minister is fair enough to want to see that there is no discrimination as between two classes of people in this country, and that he will take steps to remove that discrimination.

Mr. Abbott: That is the principle followed in the relaxing of rent control.

Mr. Gillis: The minister lives in Montreal, which is a good Catholic city. You know, if you go to confession you are supposed to confess your sins and do penance. I do not know the minister's religion, but there are many good Catholics on that side of the house, and I suggest that they prevail upon the minister to correct what I consider a great injustice and return to these people money which has been wrongfully withheld from them.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I do not feel well enough to speak at length this afternoon, but I do want to express my support for this amendment. I believe it is logical, that it only gives justice to a group of people who are suffering from discrimination. I am not going to repeat the excellent arguments that were put forth by the hon. member for Winnipeg North Centre (Mr. Knowles) and the hon. member for Vancouver East (Mr. MacInnis). I listened attentively, and I think they presented on excellent case.

I was also very interested to hear the hon. member for Kootenay East (Mr. Byrne) express support for the amendment. In so doing I know he was expressing the views of the organized labour he represents. He has been a trade union leader for a good many years, and I am sure is fully in touch with what working people are thinking about this situation. Personally I cannot understand the discrimination, and that is really what causes me to rise at this time. There would seem to be discrimination against a certain class of people in this country, that is, the wage earner. I do not see why these wage earners, teachers and some professional people should be discriminated against as compared with lawyers, engineers, dentists, doctors, surveyors, architects and others who are permitted to deduct the fees they pay for membership in the organizations to which they are required to belong in order to practise their professions. Why should they be allowed to do that while a larger group of people, earning far less on the average, and whose deductions as a matter of fact are less, are not given the same privilege?

I thought the minister's remarks this afternoon were most interesting, and in many ways I agreed with him. I do not agree with those who say we should allow travelling

expenses, we should allow hospital insurance payments, we should allow this and that. If we started on that course we would have a completely jumbled, unfair and unworkable income tax structure. In this instance, however, I do think the government is perpetuating an injustice involving a large number of working people in Canada in return for pettifogging saving, and I cannot understand why that is being done. In conclusion I would urge the minister to give further consideration to this question, and I trust that later this session there will be some amendment of his budget resolutions.

Mr. C. E. Johnston (Bow River): I am not going to speak at any length on this question, because the case has been very well presented by other hon. members and it is not necessary to repeat the arguments they have advanced. After having listened to the discussion, however, I am more convinced than ever that there is not a great deal of difference between the fees paid by lawyers or doctors and those dues which must be paid by union workers, teachers and others in that class. The minister mentioned some objections which I think are worthy of consideration, which would make it difficult to frame a workable income tax system in this country. On the other hand, let us consider the lawyer as a professional man. I have nothing against lawyers except the fact that they are one group who are permitted an income tax exemption in this regard. The minister said there were two classes of lawyers, that those who work on a salary were not permitted exemption for income tax purposes as far as their fees are concerned. In order to get over that the firm employing one of these lawyers pays his bar association fees and charges that payment up to the cost of doing business, and I think perhaps that is a proper thing to do. In any event a lawyer does not have to pay income tax on those dues; the firm paid it for him, and he is relieved to that extent. Doctors also are entitled to income tax exemption with respect to their dues. I am not sure whether the minister said the other day that doctors working on salary are not permitted this exemption.

Mr. Abbott: That is correct; they are not allowed the deduction.

Mr. Johnston: The same thing would apply to them. Conditions are entirely different as between these two classes. It is possible for a lawyer or doctor to earn a larger income and thereby take care of his dues. In the case of a workingman that is not possible. He has to belong to a union; he has no alternative. He must pay his union dues in return for the right to belong to that union and work in the particular plant where he is engaged. I just cannot see why those fees should not be deductible for income tax purposes.

The teachers, too, particularly in the province of Alberta, are bound to pay these dues. It is a matter of legislation. I believe the same is true of Saskatchewan. The teacher has no option but to pay these dues or else he cannot work. Nobody else pays the dues for him, as in the case of a lawyer or doctor who is working for a salary. This means that the teacher pays income tax on those payments. I cannot see any logical reason why union dues should not be deductible for income tax purposes.

The minister spoke of the method that was used in the United States, under which a blanket deduction of ten per cent is allowed. Such a practice might be commendable. I do not know enough about it to pass judgment on it. The fact is, however, that this practice is not followed in this country. If the minister believes that is feasible or practical, no doubt he will make that recommendation when his budget resolutions come before the house. Up to now, the condition has not prevailed in Canada. Personally, I am in favour of allowing these union dues as a deduction for income tax purposes.

Mr. J. W. Noseworthy (York South): I shall take only a few moments, but I desire to place myself on record in support of the amendment now before the house. I wish to comment on the minister's reply. The minister's objection is not so much to the fact that either school teachers or trade unionists are not entitled to deductions for fees paid to their associations or trade unions, but he pointed to the difficulty of his department ascertaining what deductions should be permitted. Then, the minister continued from that point by dragging across the trail another good red herring that has nothing whatever to do with this amendment. He pointed out that, if the government granted these deductions referred to in the amendment, they would have to make deductions for streetcar tickets, for lunches and so forth. Those things are not under discussion at the moment. The amendment before the house is not concerned with them, so let us stick to the issues that are raised by the amendment.

No matter how the minister looks at that question, he cannot evade the fact that his department is perpetrating the greatest discrimination between classes of professional and industrial people.

Mr. Abbott: I do not agree with that for a moment.

Mr. Knowles: That is the effect.

Mr. Abbott: Oh, no.

Mr. Noseworthy: The minister admitted that in the case of lawyers—

Mr. Abbott: I did not admit any such thing.

Mr. Noseworthy: —who are maintaining offices, deduction of the law society fees for income tax purposes is permitted. He went on to point out that, in the case of lawyers who were working for a salary, the employer paid the fee and was permitted to deduct it from his income tax. In the latter case, the lawyer is not only exempt from taxation, but receives exemption from his fees to the society as well.

I doubt if the department would find so much difficulty in administering the act if trade union dues were deductible. The department has an excellent staff which is rather good at tracking down any salaried individual who tries to cheat the department out of a dollar in income tax.

Mr. Abbott: Glad to hear that.

Mr. Noseworthy: They have an efficient staff which, some way or other, is able to keep track of the salaried people in this country. In the case of Ontario school teachers, their fees to their professional association are deducted by the school boards or by the department of education and paid to those organizations.

Mr. Abbott: Why doesn't the school board pay it?

Mr. Noseworthy: The minister's officials could find out exactly what any teacher in Ontario paid by way of fees to his professional association.

Mr. Abbott: My hon. friend realizes that the school board could pay those fees?

Mr. Noseworthy: That holds true in practically all the provinces. In the case of trade unions, practically every local reports to its national office the number of dues-paying members and the amount that those members pay. I am confident that these astute employees of the income tax department could easily check up on any trade unionist who was trying to slip in a dollar more than he actually paid to his union.

I do not believe those are arguments against granting exemptions either to those who pay trade union dues or to the teachers who pay professional fees. These payments are obligatory, just as a lawyer, doctor or any other professional man has to pay dues to his professional organization.

Mr. Abbott: I agree; there is no difference of opinion on that.

Mr. Noseworthy: The minister cannot evade the fact that he and his department are now perpetrating a discrimination as between professional people on the one hand and industrial workers on the other.

Mr. Abbott: No such thing.

Mr. Knowles: Oh, yes.

Mr. Howard C. Green (Vancouver-Quadra): I should like to say a word in support of this amendment. I was interested to hear the minister's explanation this afternoon. In my judgment he did not make out a very good case for continuing his refusal to allow exemption of these union dues. It is difficult to see the difference between a young lawyer working for a salary for a law firm, and a young union man working for a salary for a company. The young lawyer does not have to pay his fees to the barristers' association because they are paid by the firm and allowed to it as expenses.

Mr. Abbott: The employer could pay the union dues.

Mr. Green: I suggest that is drawing the line much too fine. There has been a big increase in the number of Canadians who belong to unions. Unions are of first-rank importance in the national life of this country today. I believe the time has come when these men who belong to unions should be allowed to deduct their union dues. The minister has admitted that there would be no difficulty in calculating those deductions. He tried to tie it up with several other expenses for which claims for exemption might be made but we are dealing today with only one question, and the minister has admitted there would not be any difficulty in arriving at the amount of deduction for union dues.

There is one other feature which I believe is of great importance. The exchequer court of Canada decided this year that, under the section of the act as it stood before, these dues could be deducted. The old section 6 (1) read as follows:

> In computing the amount of the profits or gains to be assessed, a deduction shall not be allowed in respect of
>
> (a) disbursements or expenses not wholly, exclusively and necessarily laid out or expended for the purpose of earning the income . . .

That was the way the law stood. The exchequer court decided that the last part of the clause entitled members of a union to claim this deduction; in other words, it decided that union dues were "wholly, exclusively and necessarily laid out or expended for the purpose of earning the income". This case was taken to the court by a union man in 1948; and it is a strange thing—

Mr. Knowles: April.

Mr. Green: In April, 1948; and in May, 1949, the government changed the law.

Mr. Knowles: May, 1948.

Mr. Green: In May, 1948, the government changed the law so that, regardless of whether or not that member of a union won his case, there could be no such claim for exemption in the future.

Mr. Abbott: The amendment was not made retroactive.

Mr. Knowles: It was made retroactive to the first of January of that year.

Mr. Abbott: 1949.

Mr. Green: I suggest that the matter should have been left with the courts.

Mr. Abbott: In our country the courts do not make the law. They interpret the law; they do not make it.

Mr. Green: A year later, in June of this year, the exchequer court decided that those dues were deductible. In the meantime the government had stepped in, in May 1948, and changed the law so that the dues were not deductible. I suggest, Mr. Speaker, that the government might well have left the law as it stood. Personally, I propose to vote for the amendment.

The house divided on the amendment (Mr. Knowles) which was negatived on the following division:

YEAS

Messrs:

Argue
Balcer
Beyerstein
Blackmore
Brooks
Browne (St. John's West)
Casselman
Catherwood
Charlton
Church
Coldwell
Courtemanche
Diefenbaker
Fair
Fleming
Gagnon
Gibson (Comox-Alberni)
Gillis
Graydon
Green
Hansell
Harkness
Hatfield
Herridge
Higgins
Johnston
Jones
Knight
Knowles
Lennard
MacInnis
MacLean (Cape Breton North and Victoria)
McLure
Murphy
Noseworthy
Pearkes
Quelch
Ross (Souris)
Rowe
Shaw
Sinnott
Smith (Calgary West)
Stanfield
Thatcher
Thomas
Tustin
White (Middlesex East)
Wright—48.

NAYS

Messrs:

Abbott
Anderson
Applewhaite
Ashbourne
Bater
Beaudoin
Belzile
Bennett
Blanchette
Boucher
Bradette
Bruneau
Byrne
Campney
Carroll
Cauchon
Chevrier
Clark
Cloutier
Conacher
Corry
Cote (Matapedia-Matane)
Cruickshank
Darroch
Dechene
Decore
Denis
Dickey
Douglas
Dube
Dumas
Elderkin
Eyre
Ferrie
Follwell
Fournier (Hull)
Gardiner
Garland
Garson
Gauthier (Sudbury)
Gauthier (Lapointe)
Gibson (Hamilton West)
Gour (Russell)
Gourd (Chapleau)
Gregg
Harrison
Healy
Helme
Hosking
Howe
Hunter
Isnor
James
Jeffery
Kent
Kickham
Kirk (Antigonish-Guysborough)
Kirk (Digby-Yarmouth)
Lafontaine
Laing
Langlois (Gaspe)
Lapointe
Leduc
Lefrançois
Leger
Lesage
Little
Macdonald (Edmonton East)
MacKenzie
MacNaught
McCann
McCubbin
McCulloch
McCusker
McDonald (Parry Sound-Muskoka)
McIlraith
McIvor
McLean (Huron-Perth)
Major
Masse
Matthews
Mayhew
Monette
Murray (Oxford)
Picard
Prudham
Ratelle
Richard (Gloucester)
Riley
Rinfret
Robertson
Rooney
Ross (Hamilton East)
St. Laurent
Simmons
Sinclair
Smith (Queens-Shelburne)
Stick
Tremblay
Ward
Warren
Weaver
Weir
Welbourn
Whitman
Winkler
Winters
Wood—108.

Mr. Harris (Danforth): I was paired with the hon. member for Waterloo North (Mr. Breithaupt). Had I voted, I would have voted for the amendment.

COMBINES INVESTIGATION ACT—FLOUR MILLING INDUSTRY

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, this motion that you do now leave the chair permits me to say a word about the report of the commissioner of the Combines Investigation Act on Canada's flour milling industry which has been tabled today by the Minister of Justice (Mr. Garson). In my opinion the government cannot escape responsibility for any report that a minister of the government may table. The fact that the minister is required by law to table the report does not in my judgment alter the situation.

Damage to the industry concerned results from the publication of the report and, even if at a late date the courts may later absolve

the industry from guilt, the damage is not undone. Therefore, in justice to the industry, I feel that my remarks should be made concurrently with the publication of the report.

I object to the contents of the report only as they apply to the period when the industry was under the control of an administrator of the wartime prices and trade board and the decontrol period immediately thereafter. I have no comment to make about the report of the commissioner on the conduct of the industry prior to that period, or subsequent to that period, since I have no knowledge of the facts.

I do know something about government policy as it related to the control of industries during the war and immediate post-war periods. As Minister of Munitions and Supply I was responsible for the control of a number of industries including timber, steel, coal, non-ferrous metals, rubber, petroleum products and others where supply was essential to the war effort. The control of the flour milling industry was the responsibility of the Minister of Finance through the wartime prices and trade board, but as the pattern of control was the same for all industries I have some knowledge of government policy as it applied during the period in question.

Some months ago the Minister of Justice asked me to look over the report on the flour milling industry prior to its being tabled. I did so and was amazed to find that the flour milling industry was being condemned for carrying out policies that were obviously those of the wartime prices and trade board and those common to all control administrations. To make sure that my impressions were correct I consulted my deputy minister, who was a member of the wartime prices and trade board, and found that my impressions were correct.

Therefore I called the attention of the Minister of Justice to the situation and urged him not to table the report without further investigation and suggested particularly that he consult Mr. Donald Gordon and Mr. Gordon's successor, Mr. K. W. Taylor, for confirmation of the inconsistencies in the report that I had pointed out to him.

The flour milling industry is one of Canada's major export industries. Its sales are made to some fifty-four countries and it furnishes an important outlet for Canada's wheat. It would seem to me a major calamity to Canada if this industry were to be damaged unfairly by action of a government agency. I am also aware that the industry gave the government the fullest co-operation throughout the war years and willingly accepted profit control more onerous than that applied to any other industry.

I was also confronted with the fact that when an industry has been asked to act as a unit in finding a solution of wartime supply problems and in holding down domestic prices, such industries were told that the Combines Investigation Act would not be invoked for acts performed during the period of control. Certain industries asked for this assurance in writing, which was given, but others were content to accept the word of a responsible minister. It was obvious to me that the report under discussion represented a violation of that government undertaking.

Mr. McGregor is, and has been since its inception, a member of the wartime prices and trade board, and responsible with other members of the board for formulating and carrying out price policies. Mr. McGregor was also enforcement officer for all control regulations, including those of the department of munitions and supply. In these two capacities it would seem to me that it would have been his duty to draw the attention of his colleagues on the board to administrative practices which would be objectionable under the combines act. It was a shock to me to discover that, having failed to take objection at the time, he subsequently would attack the industry for its practices during the control period in his other capacity as commissioner of the Combines Investigation Act.

Let us for a moment examine the position of the flour milling industry during the control period. In November, 1941, price control was instituted and prices of most commodities were frozen at their then level. The price of wheat was then about $1.18 per bushel, and the price of flour was consistent therewith. The price of flour was frozen, but the price of wheat was not frozen, and was allowed to continue to find its own level. The flour industry was asked to co-operate with the government to make this possible. Mr. C. H. G. Short was appointed flour administrator, and it was arranged that, if the price of wheat continued to rise, the government would subsidize the milling industry to the extent necessary to assure the industry of standard profits and no more. This meant that the industry must include all profits made from export sales of flour to reduce any subsidy paid by the government on account of losses on domestic sales. In short, the arrangement called for 100 per cent excess profits tax. I might point out that the peak excess profits tax required from other industries never exceeded 80 per cent.

The flour milling industry carried on its wartime operations as directed by the flour administrator. Ceiling prices were maintained on both flour and feed throughout the control period, although the wheat prices

continued to rise. All flour mills were operated to full capacity and rendered splendid service in meeting the supply problems of Canada and her allies. When decontrol came, the industry accepted direction from the chairman of the wartime prices and trade board in returning to price levels for flour and feed that he considered reasonable. As a matter of fact, the Minister of Finance said in a public statement that, unless the industry established prices after decontrol that he considered reasonable, controls would be reimposed. It would appear that he was satisfied with the prices then established, although Mr. McGregor condemns the industry for acting as a unit in establishing prices proposed by the board. I would say that both the industry and the government could regard the period of flour control as a perfect example of co-operation between government and industry in the best interests of both the consumer and the public exchequer.

In his report the commissioner states that the industry committed a crime by not selling flour below the ceiling price in competition one unit of the industry with another. I point out that, had the industry done so, it could only have been at the expense of the public purse, since the profits of the industry would have been the same in any event. However, one unit could have dropped its price and enlarged its domestic market at the expense of its competitors had the wartime prices and trade board permitted it to do so, which I am sure they would not. The commissioner also points out the fact that the industry stopped giving away premiums with flour sales. This privilege was denied to all industries by order of the wartime prices and trade board. In other words, many of the actions of the industry complained of by the commissioner were actions directed by the wartime prices and trade board to this industry, and to all other industries.

An important legal action taken against the administration of controls has a bearing on the contention of the commissioner that a subsidized industry should continue to compete unit by unit through selling its product below the ceiling price. This was the case of Joy Oil Company which was carried to the Supreme Court of Canada. The supply situation in gasoline made it necessary to import gasoline at certain times, and where import was necessary the government paid a subsidy to meet the excess cost of such imports over the cost of gasoline supplied by Canadian refineries. The Joy Oil Company imported gasoline and sold it at less than the ceiling price, after which it claimed a subsidy from the government on the loss sustained through selling below its purchase price. The courts found that the government was not liable for subsidy in those circumstances, and that the gasoline should have been sold at the ceiling price. This would seem to dispose of the commissioner's contention that flour should have been sold below the ceiling price, as the circumstances are completely parallel.

So much for the circumstances of the flour industry within the period of control. Hon. members will note that the selling price of flour was fixed by a government agency, and that all actions of the industry were directed by a government administrator. Mr. McGregor was a member of the team that was responsible for administering price control, being a member of the wartime prices and trade board and its enforcement officer.

The Minister of Justice (Mr. Garson) accepted my advice and obtained the opinion of Mr. Donald Gordon which is summarized in Mr. Gordon's memorandum to the Minister of Justice, and which I think I should read at this time for the purpose of the record.

Mr. Coldwell: What is the date of it?

Mr. Howe: It was handed to me today. I am not sure when the Minister of Justice received it.

Mr. Coldwell: Is there not a date on it?

M. Howe: No date; the date on the transmitting letter is November 4.

Mr. Coldwell: That is 1949?

Mr. Howe: 1949. The memorandum reads:

It was impossible during the wartime price control period and the post-war decontrol period to distinguish when discussion and agreements could be regarded as "industry discussions" leading to a combine as defined on page 118 of the commissioner's report or when they formed part of the general wartime supervision and control of a particular industry. For this reason, with the full knowledge of the Minister of Finance and of Mr. McGregor, I gave, as chairman of the wartime prices and trade board, orally and in writing, personal and repeated assurances that anything done in furtherance of the substance of the policy and administrative practices of the wartime prices and trade board would be held "privileged."

Such assurances were necessary to secure the active and willing co-operation which made the work of the board possible. It should be remembered that exhortation was the order of the day. The winning of the war justified any departure from the normal and, in any event, the public interest was protected by the fact that the wartime prices and trade board was in operation. All this was known to Mr. McGregor, who at his own request acted as enforcement administrator for wartime prices and trade board during the war period. Moreover, I had the advice of legal advisers that the wartime prices and trade board had the legal authority to give such an assurance under the powers granted to the board. In consultation with him on more than one occasion I thought I also had Mr. McGregor's positive agreement that the situation was as I have described. If Mr. McGregor had given me any reason to think otherwise I should

have brought to the attention of the government that a wartime suspension of the Combines Investigation Act was necessary for the price and supply control period, and I have every reason to believe that such action would have been forthcoming. I should perhaps add that in the light of the flexibility of the board's administrative procedures the assurances to which I refer above were not in every case contained in formal documents, nor could they be found always in writing. All concerned, however, realized that there was no difference in principle between oral and written assurances on this particular point.

On the general point, therefore, while I cannot undertake in this summary to debate each and every detail, my view is that the report does not demonstrate improper actions by the flour milling industry during the period to which I make reference and while they were under direction and supervision of the flour administrator and other officials of the board.

2. Subsidies—The flour milling industry operated at the request of government for a lengthy period on the basis of a drawback or subsidy in respect of flour provided for domestic consumption. This subsidy was for the benefit of domestic consumers and was paid through the millers purely as a matter of administrative convenience. It did not benefit the millers. In fact, the subsidy was operated in such a way as to limit substantially the profits of the millers because of a "profit control" clause in the relative order in council. The special character of this subsidy meant that the full co-operation of the industry was needed to make it workable, and despite many difficulties that was readily forthcoming. It is of special importance to realize in this connection, however, that if sales to the domestic market had been made by the millers below established ceiling prices the amount of the subsidy payable out of public funds could have been increased by many millions of dollars. Consequently, the ceiling price in such circumstances would naturally become the fixed price and, such being the case, any "agreement" in respect of prices would have been meaningless. Indeed, if millers had attempted to make good fellows of themselves by reducing domestic prices habitually at the expense of the public treasury the board would have called them to account. Moreover, under such circumstances of subsidy and profit control there was no agreement in regard to price which could have yielded more profits to the millers unless they had violated price ceilings, and there is, of course, no claim that such was the case.

For the above-mentioned reasons, I am of the opinion that references throughout the report to "agreements" in respect of price during the entire period when subsidies were payable are not only incomplete but misleading unless the effect of the subsidy payment is taken into account. I suggest, therefore, that the reasoning of the commissioner is faulty as it appears in one of the sentences in the first paragraph of page 115, as follows:

> "Assuming that in some instances milling companies did choose to sell at less profitable levels, knowing that they could not retain profits above a fixed level, the benefit still accrued to the Canadian public in the form of lower prices."

I repeat that it was certainly not part of government policy that the subsidy be increased through millers offering prices still lower than the already heavily subsidized prices and that the millers were fully justified in preventing this happening. Indeed, I have no doubt whatever that the effect of the subsidy provision was repeatedly called to their attention by the flour administrator.

3. As already stated, it is not possible for me to attempt comment on all of the voluminous detail provided by the commissioner, particularly since I have not before me the complete documents from which so many extracts from context are submitted. Nevertheless, I call attention to a few points in regard to which I am in particular disagreement as to the facts.

Page 22—Uniform Price Ceilings:

The evidence provided here seems to be intended to suggest that improper discussions or agreements took place. The fact is, however, that during the period of price control the flour administrator and his advisory committee (which included C.N.M.A.) frequently discussed with officers of the board proposals for establishing uniform prices. In fact they were encouraged to do so because the board found the idea of uniform prices attractive as it offered simplicity in a very complex pricing field. The fact that such discussions took place in an effort to reach agreement is not to be adduced as evidence that some sort of a combine was intended. In my opinion the point which should have been pertinent to the commissioner is that, despite the encouragement of the board and despite its willingness to use wartime powers to accomplish this purpose, no practical system of uniform prices was ever discovered and it remained in the realm of wishful thinking throughout the period of control. Nevertheless, I have no doubt that the flour administrator in collaboration with the industry did his utmost to ensure orderly conditions in the industry in the interests of maintaining supply as well as price stability.

Pages 31-35—Agreements on Tenders:

This section of the report brings out evidence as to "agreements" covering tenders, with particular reference to supplies for wartime agencies such as the Department of Munitions and Supply. It should, however, be read with the following in mind.

"Supply" in wartime was often a responsibility rather than a privilege and very often suppliers had to be required to make offers. Therefore, the generalization that there was evidence of an agreement between various sections of this industry in respect to supply and price is not pertinent until it is ascertained whether or not such an agreement was as a result of a procedure required by government controllers. To take the example of ships stores mentioned in this section, my opinion is that the quotations given merely illustrate the plan agreed upon whereby each mill was given in rotation the responsibility of supply. Ships stores were of extreme importance during the war and much organization was required to provide for unexpected demands often made in great secrecy. It was essential that each mill take its turn in the supply line, and this was done with the agreement of all concerned, including not only the industry and the flour administrator, but as well the ships stores administrator and interested departments of government. The ships stores administrator had a great many special arrangements to ensure supplies and exercised wide authority in making sure that no delays were encountered. Not only in regard to flour but, as well, in such things as meat and other food supplies special supply arrangements were worked out and the question of price settled afterwards by mutual agreement. This kind of necessary wartime arrangement must be kept in mind in reading the particular extract quoted on page 35 from a letter by W. L. MacGregor to G. H. Booth, which when properly understood does no more than reveal the agreed wartime procedure.

Furthermore, it also has to be understood that when subsidies were paid the price paid by the Department of Munitions and Supply had a real meaning as to the cost of subsidies—alternatively, if subsidies were not paid the price paid by the department could have easily upset the board's efforts to maintain orderly conditions in respect of price control. It was in explanation of this procedure that the published report of the wartime

prices and trade board covering the period April 1, 1943, to December 31, 1943, makes this comment on page 7:

"An interdepartmental committee on subsidies has been set up to clear problems concerning withholding or repayment of subsidies on goods supplied to the Department of Munitions and Supply and an agreement has been arrived at with the department as to its relation to the price ceiling and repayment of subsidies".

Pages 36 and 63; page 115 (second paragraph)—Decontrol:

The report of the commissioner under this heading does not agree with my understanding of what took place. This is of special importance because I believe the commissioner has stated that his investigation into this industry was commenced because of suspicions aroused by the fact that a uniform price increase took place in the price of mill feeds and flour on the date that price control was removed and subsidies discontinued, namely September 15, 1947. While I was not chairman of the board on that date, I had been responsible for outlining the pattern of decontrol and was closely in touch with the policy during that period. Furthermore, I have checked my recollection of events with Mr. K. W. Taylor, the present chairman of the board.

The situation was that following a long period of price control and subsidy payments everyone was apprehensive about the effect of a sudden release of the controls. Consequently, the flour administrator in collaboration with the chairman of the board reached an understanding with the industry that a flat over-all increase in price be held to an agreed amount when the controls were lifted and until such period as market conditions had settled somewhat and inventories became better balanced. It should be noted particularly that this agreement was at government request and that it dealt specifically with holding the expected increase to a maximum. It is obvious, therefore, that since this arrangement was worked out at the government's request and since it represented a limitation of an increase that would have otherwise taken place, prices would naturally rise to the maximum permitted by this agreement. It is not, however, an agreement of the kind which should excite the commissioner's attention.

On page 114 the following paragraph appears:

"The practice during the war years to which exception is taken in this report is the same practice to which exception is taken with respect to other times, that of agreements to remove competition in price. In the war years regulations established maximum levels beyond which prices could not be increased. In this period concerted efforts were made to prevent competition by securing agreement as to the prices which the members would follow. Such joint action was neither required nor sanctioned by the prices board or any other government agency. Board policy was definitely directed to the maintenance of competitive conditions with respect to prices."

For many reasons the statements made in this paragraph are too dogmatic. As I have already stated, the administration of price control was a highly flexible affair and all sorts of special circumstances had to be met and many qualifications were necessary and justifiable. My previous reference to the effect of subsidy payments and profit control is but an example. There were many other cases in which such things as "production directives", "equitable distribution controls", "allocations for special users", etc., etc., had an influence on price and where agreements were made in order to make them workable. Throughout the period of price control the board strove to maintain price ceilings against the upward thrust of wartime cost increases and severe wartime supply scarcities. This pressure was so severe that the possibility of selling prices below established ceilings was largely theoretical.

In connection with these and other matters I have not been able to understand why the commissioner did not discuss the facts with me so that I might have informed him of the many interlocking considerations which affected the wartime operations. He apparently did discuss aspects of the report with some officials of the wartime prices and trade board and also examined some board records. However, in view of the fact that during the price ceiling period I was responsible for the over-all co-ordination of all the activities of the board and therefore the person best equipped to inform him, I have been at a loss to understand why he did not invite me to discuss with him these points affecting wartime operations before he completed his report. Had he done so he could have formed a better judgment as to the validity of including any wartime period in his report or, alternatively, have pointed out whether or not the events described during that period were under direction of government officials with special wartime powers.

That is the end of Mr. Gordon's memorandum.

I understand that both Mr. Gordon and his successor as chairman of the wartime prices and trade board, Mr. K. W. Taylor, expressed their views of the report to Mr. McGregor. Regardless of the views of those who have shared with Mr. McGregor responsibility for directing government policies having to do with price control, the report has now been tabled in its original form.

I claim no special morality, but I regard the carrying out of an undertaking, either oral or written, as a basic responsibility. In this case of the flour milling industry, the undertaking was not given by myself, but I had given the same undertaking to those industries which were under the control of my department. I understand that Donald Gordon had given the undertaking that actions of the flour milling industry during the control period would not be considered violations of the Combines Investigation Act. I am well aware that industries to which I gave that undertaking will consider that, if the undertaking can be violated in this case, it is likely to be violated in their case.

Were this report to be tabled without comment, I would hesitate to again call on industry for the same kind of co-operation that was given freely to the government in working out and administering our system of price control. Incidentally, I consider that governments should have at least as high a standard of morality as individual members of the government, and I know that my colleagues share that view.

Many hon. members will say that Minister of Justice (Mr. Garson) was not warranted in delaying publication of the report. I do not share that view. After having doubt cast upon the validity of certain conclusions contained in the report by some of his colleagues, of

whom I was one, the report was held from publication with the full authority of the whole cabinet for further checking and consultation. This has now taken place and confirms the objections to the report which were taken when it was presented to the cabinet in the first place. The Minister of Justice took no steps in this matter whatever, except on the fullest disclosure to his colleagues and with full authority of cabinet, which assumes responsibility for the manner in which the report was dealt with.

While the report may damage the public relations of the flour milling industry, that industry can at least know that those, like myself, who shared responsibility for directing its affairs during the control period do not share the views expressed by the commissioner.

I hope hon. members will not draw from my remarks the conclusion that I do not take the view that Canada should have a Combines Investigation Act. On the contrary, I believe that the act is a necessary part of government machinery. Indeed, there is on the order paper at the present time a bill containing amendments which the Minister of Justice is submitting, upon recommendation of the Combines Investigation Act commissioner, to strengthen the enforcement provisions of the act. To be effective the act requires an administration that is both zealous and fair. I am sure that the Minister of Justice will take prompt steps to fill the present vacancies with that thought in mind.

I sincerely hope that those who read the report that has been tabled today will read it with the correspondence tabled by the Minister of Justice, and with the *Hansard* record of my remarks.

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, I did not expect this matter to be discussed today. It is a most unusual procedure, on a motion of one minister to go into supply, for another minister to place such a matter as this before the house and thereby prevent the motion being passed. I do not intend to deal at any length with the facts because it is impossible to refer to the evidence and to the findings on the flour milling industry, since the report was just tabled.

There are some circumstances that have not been explained by the minister. I shall read the first section of the Combines Investigation Act under which this report was made. After all, if we are to have in this country a government by laws and not men, then the laws passed by parliament should be observed, and above all by members of the cabinet. Section 27 of the Combines Investigation Act—it is a rather lengthy section, but I believe it is necessary to have it on the record—reads as follows:

(1) The commissioner at the conclusion of every investigation which he conducts shall make a report in writing and without delay transmit it to the minister. Such report shall set out fully the conclusions reached, the action, if any, taken, and any other material which may be required by regulation under this act.

(2) Within thirty days following the transmission of such report to the minister the commissioner shall cause to be delivered into the custody from which they came, if not already so delivered, all books, papers, records and other documents in his possession as evidence relating to the investigation, unless with respect to particular documents the Attorney General of Canada or the attorney general of any province within which an offence is reported to have been committed certifies that such documents shall be retained by the commissioner for purposes of prosecution.

The next is a subsection dealing with the admissibility in evidence of copies, to which I do not intend to make reference. Subsections 3 and 4 read as follows:

(3) Every special commissioner at the conclusion of the investigation which he conducts shall make a report in writing which he shall sign and transmit to the commissioner, together with the evidence taken at the investigation, certified by the special commissioner, and all documents and papers relating to the investigation remaining in his custody; and the commissioner shall without delay transmit the report to the minister.

(4) The minister may call for an interim report at any time, and it shall be the duty of the commissioner or special commissioner, as the case may be, whenever thereunto required by the minister, to render an interim report setting out the action taken, the evidence obtained and any conclusions reached at the date thereof.

(5) Any report of the commissioner or of a special commissioner,—

This is the particular section to which my attention will be directed.

—other than an interim report or a report of a preliminary inquiry under section thirteen of this act, shall within fifteen days after its receipt by the minister be made public, unless the commissioner states in writing to the minister that he believes the public interest would be better served by withholding publication, in which case the minister may decide whether the report, either in whole or in part, shall be made public.

Parliament has the right to expect that ministers of the crown shall live up to the provisions of statutes passed by parliament; for if these be not lived up to, parliamentary responsibility ends, and a contempt of parliament occurs which should not be permitted to pass uncensured.

The minister stated that the facts and conclusions in this report were, in his opinion, unjustified. That statement does not answer or justify the Minister of Justice (Mr. Garson) failing to discharge his obligatory responsibilities under the provisions of an act passed by parliament. Only three years ago in this house I was one of those who stated that in

my opinion—and I know there were some who criticized me for this view—we should alter the provision with regard to publishing these reports in order that no one should be found guilty before the bar of public opinion without having the opportunity of answering in the courts.

The then Minister of Justice answered me and rather ridiculed that viewpoint. Let me ask this question. If this report had been tabled or had been published in February last, what harm would have been done to the milling companies that will not result today? The explanation made by the right hon. gentleman was to all intents and purposes a smokescreen in order to avoid responsibility for failing to perform a mandatory requirement in a statute. Could he not have done the same thing in February when, under law, the Minister of Justice was required—

Mr. Knowles: January.

Mr. Diefenbaker: In January, if you will. I make it February. Yes, it would be January.

Mr. Knowles: Fifteen days from December 29 would bring it to January 13.

Mr. Diefenbaker: Yes. Would any greater harm have been done then than will be done today? Were there not available to the minister and to the government in the month of January the same answers and the same qualifications that are available now? This action on the part of the government, Mr. Speaker, is the most flagrant disregard of parliament that has ever been exhibited by a government that has never been too careful of parliamentary rules, regulations and proprieties. It is not a question of the guilt or innocence of these companies. There can be only one reason why that report was not published in January. That reason is that an election campaign was in the offing. There is no other.

The government's action in this matter cannot be laughed off. It strikes at the vitals of our democratic system; for if we cannot rely on ministers of the crown or on the government to do those things which, under law, they are required to do, we in the opposition, instead of being able to accept what ministers of the government say and to believe that they are carrying out their responsibilities under the law, are actually placed in a position where we must begin to wonder. I doubt whether we would have had the report yet if the commissioner had not resigned and brought the matter to a head.

I am not entering into the question raised by the right hon. gentleman as to whether or not a monopoly existed within the provisions of the Combines Investigation Act. I am not here to endeavour to try anyone. That is what the courts are for. I am here as a member of parliament to ask why the Minister of Justice, who stands as the embodiment of justice in our land—which means justice under law—has himself failed to carry out a provision that was placed in the law not by the opposition but by parliament. This is an extremely serious matter. I am not going into the record of this government with regard to combines prosecutions. I remember hearing the former prime minister, on election night in 1935, promising that all monopoly privilege would end. Some prosecutions have taken place since then. I think of the tobacco companies prosecution. Those interested in ascertaining what happened and how it happened should read the reports in connection with that prosecution in 1938.

Then there was the dental companies prosecution. That prosecution against eighteen defendants failed because the counsel for the government failed under instructions to prove the signatures on any of the 1,800 documents filed, or that any of the persons were authorized to write these letters. Anyone knows that when a limited company is prosecuted for a criminal offence knowledge must be brought to the directors. They failed to prove that the companies were even incorporated. Mr. Justice Barlow directed the jury to bring in a verdict of not guilty, and the jury acquitted all defendants. I asked the then Minister of Justice whether there had been a mistake in the prosecution and in effect he said that we were trying out this case to ascertain whether or not the combines act would cover such things as we failed to prove. Was it not a strange thing, Mr. Speaker, that they picked the greatest prosecution ever taken in this country to experiment with the law and with the law of evidence?

Mr. Rowe: Champions of the poor man.

Mr. Diefenbaker: That is not all. In 1946 the Prime Minister (Mr. St. Laurent), then Minister of Justice, made a great speech on the subject of combines and monopoly privilege. He said, in effect, "What we have to do is to put teeth in the law". Mr. Speaker, there are enough teeth in the law; but if the teeth are not used they might just as well be false teeth. Teeth in the law! It was not a lack of teeth in the law that resulted in the outcome so far as the prosecution of the dental companies case was concerned. It is not for me to say that there would have been a verdict of guilty in any case, but at least there would have been a case to call on the defence if the ordinary rules of evidence had been followed.

I suggest, Mr. Speaker—and I cannot refer to the amendments to the Combines Investigation Act which are to be brought down, though they are merely minor matters—that a law is only as strong as the will of those who act for the crown. A law can be full of teeth, but if the teeth are not used to bite with the law becomes a mere sham on the statute books. Sir, believing, as I always have, that it is not for parliament to deal with the wrongdoings of anyone allegedly condemned in a report, I refrain from saying anything about the facts in this matter. I ask the Minister of Justice (Mr. Garson) whether in the long history of the Canadian parliament, and in the longer history of British parliaments, he can point out a case where in the past any minister has ever failed to discharge the obligatory and mandatory provisions of a statute, unless it be under order in council under emergency legislation in which case the minister appears before parliament and advises parliament that he has taken that stand and stands or falls by what parliament decides.

Sir, I will not labour it, the statute provides what shall be done. Shall there be one in our country above the law? Shall the cabinet be above the law? Is there anyone who will answer me and say yes to my question? If so, we have indeed in this country a government of men, not of laws. I know something of the record of this government. I think of the case taken under law by Mr. Oatway against the wheat board. When he appealed, as was his right under our law, the government passed an order in council to deny him the right to proceed.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Diefenbaker: Mr. Speaker, at the time of adjournment I was referring to the Oatway case as an example of arbitrary action on the part of the government against an individual citizen of this country. It would appear that that order in council was passed at the direction of the Minister of Trade and Commerce (Mr. Howe). Another matter to which I might refer is the amendment of the Aeronautics Act with regard to the operation of air lines by railroad companies. That passed parliament over the protests of the opposition and was to the effect that within one year after the end of the war in Europe all railroad companies would have to dissociate themselves from ownership of air lines. A period of a year passed. When asked by the hon. member for Winnipeg North Centre (Mr. Knowles) why this statute of parliament was changed or altered, the Minister of Trade and Commerce said that it was done under order in council. Later on, finding that there was no order in council, he stated that it was changed under a minute of the cabinet. In those instances that I have placed before you is indicated a cavalier disregard of the rights of parliament and of law as passed by parliament. That is particularly so in so far as the amendment to the Aeronautics Act is concerned.

The minister comes before us and indicates that in a large measure he under the authority of his position was responsible for the non-publication of this report. I bring to your attention again the wording of the statute, which is as follows:

> Any report of the commissioner . . .

I am reading only the pertinent parts:

> . . . shall within fifteen days after its receipt by the minister be made public, unless the commissioner states in writing to the minister that he believes the public interest would be better served by withholding publication.

There was no authority for doing what the government did in this case and their action constitutes a serious infringement of the rights of parliament. The minister gave as the reason for non-publication that injustice would be done to companies that had operated under certain arrangements between the chairman of the wartime prices and trade board and themselves. Parliament has never heard of those arrangements; parliament has never heard of the terms; parliament is entitled to more than an *ex parte* statement by the minister of what Mr. Gordon has said in this regard.

Apparently the ministers did not get together on their explanations. I do not blame the Minister of Justice (Mr. Garson) solely for the failure to publish the report. He was apparently pushed around in this matter. I am sure that he would not have done this as the custodian of justice in this country unless he had been ordered to do so. The Minister of Justice is the fountainhead of justice, and justice cannot be maintained except under law. Justice is not something administered according to the caprice of one cabinet minister or the cabinet as a whole. The minister had a somewhat different explanation the other day when he wrote to Mr. McGregor. In his letter of November 4 he said this:

> The government decided not to publish the report or act upon it until the doubts raised had been cleared up. Moreover, in view of these doubts and of substantial increases in the difficulties of prosecuting created by the judgment of the Ontario court of appeals in the dental supplies case, we felt that if we published the report and were challenged to prosecute upon it, we might not be able to make out a case—

How often were they challenged to prosecute in regard to the optical report? As the then minister of justice said in 1946, speaking in this house, the fact that a report is made does not mean that the government has to prosecute. The minister goes on to say in his letter:

—and that such a failure, coming on top of our loss of the dental case, would certainly not enhance the prestige of the combines investigation commission or of the government.

Summarized, the minister's explanation of the reason for his failure to carry out the law was: If we did publish and were challenged to prosecute; if we did prosecute and did not succeed; if there was another debacle as there was in the dental case, it might be hard to explain. The minister goes on:

The government therefore took the responsibility of withholding publication of your report pending the amendment of the Combines Investigation Act to cure the difficulties created by the dental supplies judgment.

That was not the explanation of the Minister of Trade and Commerce. The explanation of the Minister of Justice on November 4, in his letter to Mr. McGregor, for not going ahead was that the Combines Investigation Act was to be amended and the report should not be published until that was done. I give the minister the opportunity to reply to this question: If the Combines Investigation Act is amended to cover the shortcomings of the dental case, does the government intend to prosecute and to use those amendments, which I expect this parliament will pass, in connection with any prosecutions that might be taken as of this date under reports that have been made by the commissioner?

There can be no justification for hiding the report, and hidden it was against the provisions of the statute, a statute that the Minister of Justice is charged with administering and upon whose shoulders is placed a mandatory responsibility. Dare the minister say that statutes of parliament can be suspended by the government because it is not considered judicious to do what a statute says shall be done? Is a time limit in a statute to be made dependent upon the wish or caprice of a minister of the crown?

Surely the Minister of Justice will not stand in his place and say that the government, which for years has on so many occasions shown a tendency to act in this autocratic manner, has arrived at a state of mind where it believes that statutes passed by parliament are to be the playthings of the cabinet just because it is considered to be injudicious to act as the statute demands?

The reason given by the Minister of Trade and Commerce was that certain representations were made to the companies by Mr. Gordon. We do not know what they were. We do not know what Mr. Gordon said or what he wrote although that has been asked for by the hon. member for Rosetown-Biggar (Mr. Coldwell). Everything that the minister has stated to have taken place could have been considered by the government in extenuation when it was determining whether or not prosecution should take place. None of the matters that he has raised, no excuse he may offer, can justify the government's departure from its bounden responsibilities under a statute.

During the days of war, by order in council the government amended and suspended statutes. It got the power to do certain things, first under the National Emergency Transitional Powers Act and then latterly after the war under the Transitional Measures Act. But even under the Transitional Measures Act there is no longer power vested in the government, or in any minister of the cabinet or in the governor in council, to alter the operation of a statute in any way. I will not read what the minister of justice said in 1946 except to summarize it in this way. The publication of a report is a deterrent and warning.

In the optical case grave charges were made against the optical companies. I was one of those who felt, as I said when I began my remarks this afternoon, that possibly parliament should alter this portion of the statute providing for publication of the reports before trial. The law requiring publication was brought in after a Liberal government came into power following the election of 1935. Provision for publication of these reports was introduced by a Liberal government newly in power and inspired in its determination to remove monopoly privilege from this country. Yet the first government to introduce it is now the government that say, when its operation does not suit the wishes of the government, that the statute may be evaded in the manner that suits the government of the day.

I will not say any more on this occasion. More will be said; more must be said. Parliament and the people of Canada have a right to demand that the law be administered equally to all and that no minister or ministers of the government can by their own *ipse dixit* say that they are above the law, and that they will act as they choose irrespective of what a statute provides.

Freedom and the maintenance of freedom depend on the foundation stone of all law, namely that, whether it be a minister of the crown or a humble individual, all are equal before the law. The fact that a person is a minister of the crown, a position of power under our system, affords no excuse for such a person placing himself, his government,

or the cabinet, above the responsibilities that parliament in its wisdom, and at the request of the government to which he belongs, placed upon the statute books of the country. The issue is far greater than any question as to whether or not there has been wrongdoing on the part of the flour milling companies. I will not now or at any time deal with the facts of a case which may come before the courts and endeavour to pick out excerpts from a report in order to make a case against anybody. Overshadowing the question as to whether or not there was guilt or innocence, or whether Mr. Gordon did or did not make representations, transcending everything, there is what I feel, and what I believe the country as a whole will feel, is a flagrant disregard of parliament. Indeed it is a perpetuation in the days of peace of the centralization of power and authority that was vested in the government. Although such emergency powers no longer exist they have been in this instance exercised by one or more ministers in cabinet council who in their wisdom have decided that an appointee of the people of Canada, carrying out a responsibility under the law, shall not have his recommendations brought before the people because the government has decided that the facts upon which he bases his conclusions are unjustified. My parting word is this. Would parliament even know now that there was a report against the flour milling companies last December if Mr. McGregor had not finally decided that his services could no longer be given to Canada?

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, today's debate has arisen in an unprecedented fashion. I have been in the house for fourteen years, and during that time I do not remember an occasion upon which, on a motion to go into supply, a minister of the crown has aired a government grievance, because that is what we have been subjected to. I do not propose to traverse the same ground as that which has been so ably covered by the hon. member for Lake Centre (Mr. Diefenbaker). I merely want to say that I agree with him wholeheartedly when he says that no government, no minister, has any right at any time to disregard a statute adopted by parliament, and the provision in that statute for the publication of a report within fifteen days for the information of the people of Canada.

This report was made to the government on December 29, 1948. That is over ten months ago. Today the report was brought into the house at three o'clock, and not one of us had an opportunity to see it until that time. Some of us were busily engaged in the house all afternoon, and the manner in which the report is now before the house and is being debated will preclude the possibility of its discussion at any time later this session. A debate having arisen on a particular matter, the same subject of debate cannot be raised subsequently in the same session. I know if I had the opportunity, and if it were possible to move another amendment on going into supply, I would be inclined to move a vote of censure on the government for concealing from the house and the people of Canada for ten months a report which they were obligated by statute to make public. Unfortunately, because of the procedure that has been followed, we are prevented from moving any motion whatsoever. I think this house would be justified in defeating the motion and denying the government supply, to show that the house does not intend the country and parliament to be treated in the way the government have treated us on this occasion. After all, when the Combines Investigation Act was before the house in years gone by the then prime minister, Mr. Mackenzie King, who was particularly interested in this legislation, and subsequently the minister of justice, the Right Hon. J. L. Ilsley, told the house that the one great weapon upon which the government relied to deal with monopolistic practices, price fixing and combines in this country was publicity. Publicity was the weapon; publicity was almost all that was needed, and prosecution came after publicity. In this case publicity was prevented and, as has been said by the hon. member for Lake Centre (Mr. Diefenbaker), it is altogether likely that if Mr. McGregor had not submitted his resignation this report would not have been made public today.

Who is Mr. McGregor? He has been one of the outstanding civil servants in this country. Mr. McGregor served the Right Hon. W. L. Mackenzie King years ago, when Mr. Mackenzie King was minister of labour, He served as Mr. Mackenzie King's secretary when he was engaged in the writing of "Industry and Humanity" at the time he was engaged with the Rockefeller Foundation. Mr. McGregor has made a notable contribution to the life and welfare of this country over many years, and I believe in this connection he felt that he would not be doing his public duty if he failed to bring this matter forcibly before the country by placing his resignation in the hands of the government. After all, let us bear in mind what his letter of resignation says. And let me say to the right hon. Minister of Trade and Commerce (Mr. Howe), that although this afternoon a reply to Mr. McGregor's resignation was placed upon the records of this house, when we asked that Mr. McGregor's resignation also be placed upon the record, our

request was denied. I like to see fair play in these matters, and I say that preventing the publication of Mr. McGregor's letter in *Hansard* while reading Mr. Donald Gordon's reply this afternoon was not fair play at all.

This inquiry was undertaken by Mr. McGregor, or so his letter indicates, with the authority and approval of the minister of justice of that day, Mr. Ilsley. Later on, according to Mr. McGregor, he understood the present minister's opinion to be that this investigation never should have been initiated, though I am prepared to believe that there may be some misunderstanding in that connection. However, it was initiated, and a report has been made. We have had no opportunity to study that report; but during the supper hour—that is, for most of the hon. members of this house; I did not go down to supper—I read this report as quickly as I could; and I say to the Minister of Trade and Commerce that he cannot conceal the practices of these milling companies by talking about the contribution they made during the war. I admit that contribution, but the matters referred to in this report arose long before the war. In 1934 and 1936 these practices of combinations and price fixing were prevalent in this country among the milling interests, and I have no doubt that the same practices are continuing at the present time. I have taken some pages from the record which was produced in this house this afternoon. The report indicates that prior to the war—never mind the war years—by their own admission, by their own memoranda, by their own minutes, by their own communications and correspondence, the milling interests were engaged in price fixing, in maintaining high prices and in trying to destroy the small milling interests of this country. That is writ large in this report from the minutes and records of the milling companies themselves.

I have reason to know that during the war they also had the support of milling interests overseas in their attempt to prevent the development of competitive milling interests in this country. I know perfectly well that the farmers of western Canada established a small co-operative mill just before the war, and that mill found it very difficult to operate during the first year or two of the war because they could not get any overseas orders. They could not sell a barrel of their flour to the British ministry of food; and it was only when the position was drawn to the attention of members of the British parliament, and indeed to the attention of the members of the British government interested in the development of co-operatives, that the condition was righted and the co-operative mill in Saskatchewan began to receive orders for flour from overseas. I say I know what I am talking about; I know that is true.

Running all through the evidence submitted in this report by Mr. McGregor is an attempt on the part of the big milling interests not only to control prices, not only to continue their combination and their monopoly, but to destroy the small milling interests of this country. I have in my hand, from chapter 7 of the report, official records of price agreements and discussions. Hon. members will find this record at pages 75 and 76 of the report which was presented this afternoon. Meetings of the organizations to which reference is made were reported in the official minutes by the secretaries, but the principal admissions were found in the records obtained by Mr. McGregor after he obtained access to their memoranda relating to these meetings. Let us look at memorandum No. 28, "Report of sales managers."

> The secretary reported that two of the members were exacting only 40 cents per barrel for top patent over the basic grade, instead of 50 cents, in the province of Quebec.
>
> It was unanimously agreed to maintain the 50 cents differential throughout eastern Canada.

There is no record of that in the minutes. Then again:

> The following minimum prices were established—mills pledging themselves to adhere rigidly thereto:
>
> Quebec, $5.75 per barrel . . .
> Ontario, $5.65 per barrel . . .
> Maritime provinces, $6.75 per barrel . . .
>
> In connection with the maritime provinces, the secretary was instructed to circularize the members, calling attention to the fact that the $6.75 price is applicable only to large jobbers, as well as bakers in Halifax, Saint John and Dartmouth; smaller jobbers to be sold at the spreads indicated in the maritime jobbers' list. The price to dealers to be $7 net.
>
> (Exhibit 577)

There is no reference to that in the minutes. That was in 1938; and on December 14 of the same year we have memorandum No. 33, "Small mill competition in western Canada."

> One of the members reported on the discussion which took place in Winnipeg, December 9, at which time it was thought that whatever line of action was deemed necessary should be confined to those areas in which small mills are particularly active, and the suggestions then offered were the making of a special price in those areas and, if necessary, the introduction of a special brand. The question to receive the further consideration of western managers in meeting early in the new year. The two members engaged in the sale of flour in western Canada and not represented at the meeting were requested to communicate with their western managers.

What did the minutes say? No record in the minutes of this vital decision.

> It was reported that a meeting would be held in the new year at which western sales managers would be present.

That is the statement in the minutes, but there is no reference to the attempt to establish a new brand to sell at a low price in order to undersell the small mills in western Canada and put them out of business. There you have at least one reason why this combination should be prosecuted by the government. Never mind the years of the war. What were they doing before the war and what have they been doing since? It is that question which hon. gentlemen should ask themselves.

In eastern Canada the same attempt was being made. Efforts were made to get the small mills to adhere to the price-fixing policy of the large mills. Those efforts are reflected in some extracts I shall read from letters passing between Mr. C. H. G. Short and Mr. J. J. Page, on August 31, 1938. We were not at war then and these companies were not performing any war service at that time. At page 91 of the report we find the following:

If McCarthy continues as he is continuing, and I think the point should be stressed strongly to him, it will be a very short while now before the big mills are meeting his competition right in his own bailiwick, which will mean that the rest of the small mills, and the big mills themselves, are in for a protracted period of unremunerative business. Surely he has sense enough to see that with a discretion below a maintained price of the large mills he is infinitely better off than he can possibly be by setting his own price levels—which will inevitably be met, countered and possibly bettered by some of the big mills within a very short time if he persists.

This should interest some of the Ontario members. The correspondence makes it clear that the competition from the Copeland Milling Company, whose plant is located at Midland, Ontario, was regarded as of particular importance to the milling combine. Here is an extract from a memorandum of decisions reached at an executive meeting on April 5, 1939.

It was unanimously agreed to institute special price reductions at irregular intervals on the following basis:

As a trial, the reduction shall be applicable to bakers in all towns located on or south of the branch line of the C.N.R. running from Belleville west to Midland, Ontario; and the price to be applicable to jobbers in this territory on their purchases of baker-flour requirements in jute.

It is understood that the reduction will be agreed upon at irregular intervals, at the discretion of the mills.

This is cat and mouse business. Lower and raise your prices at irregular intervals, then finally destroy the small miller.

The frequency and amount of the reduction in price shall be mutually agreed upon between the mills on a majority vote of four members. The reduction to be effected, and the time of its coming into effect, shall be made known to all members as soon after the market close on a Friday as is possible.

[Mr. Coldwell.]

The period of the reduction shall be from the market close on Friday agreed upon until the following Tuesday morning at the opening of the Winnipeg market, after which time no further business shall be accepted at the reduced price.

At the discretion of the mills, the reduction may apply to any or all classes of trade in any one or more of the eastern provinces.

So, we can go on with records of that kind of combination and that sort of attempt to destroy a competitor by underselling him.

Mr. J. J. Page (Western Canada) expressed himself as follows in a letter to Mr. Charles Ritz of the Robin Hood Company in Minneapolis. It is dated September 29, 1938, which is before the war.

There seems to be a sharp difference of opinion in the west as to how to combat the small mills . . .

It is true that the country mills are quite keen competitors of the larger mills, and have been giving us quite a bit of trouble, but I do not think we can do other than accept the recommendation of our western men who, with one exception, say we should maintain our present grades and our relative selling bases.

In this report you find evidence that before the war these things were being done. This afternoon the minister tried to brush off Mr. McGregor's criticism and his conclusions by talking about the war years and what Mr. McGregor learned during those war years. As a matter of fact this report is replete with references to the millers' combination and the millers' price-fixing trust in the years before the war.

Mr. McGregor said a careful examination had been made of all the evidence and memoranda. I think that is true because, after all, it is not in the minutes but in the memoranda existing in their offices that one finds the damning indictment which has been brought against these powerful milling interests. The small mills worried them all the time. We have a memorandum of an executive meeting on April 14, 1936, which reads as follows:

It was understood that the discretion of ten cents per barrel in the maritime provinces heretofore enjoyed by Messrs. Ogilvies, would be removed. Messrs. Ogilvies gave the above assurance on the understanding that their position in respect to small mill competition is quite clear, i.e., that they were not concerned here or there about the odd car of flour, but that they would take whatever steps were necessary to hold their old and established connections against the competition of small mills.

Throughout this report there is evidence of the attempt to cut out competition. I should like to ask my friends of the Liberal party how this fits with their allegiance to free competition or free enterprise, if you like. We find this government, which is pledged to maintain free enterprise in this country, has for ten months concealed a report which was a condemnation of big interests which were crushing out free competition. My hon. friend

from Winnipeg North Centre reminds me that the government was breaking the law in order to do just that.

Then there is a memorandum of the executive dated February 20, 1936, which suggests that an advance or decline in the price of feed would be governed by a vote of the majority. Then there is a memorandum, No. 5, reporting a somewhat similar meeting on June 9, 1936, just a few months later. It reads in part as follows:

It was resolved that the domestic price on feed shall be governed by the highest ruling price on the North American continent.

That is 1936, when the farmers were down and out and when their stock was almost worthless. These gentlemen get together and resolve that the domestic prices on feed shall be governed by the highest ruling price on the continent of North America.

The minutes of the meeting of Ontario sales managers dated December 14, 1938, was concerned with an understanding about much the same matter.

. . . that the secretary would consult the Montreal members each week to determine a minimum selling price for feeds, which minimum selling level would be based on export feed values.

Everywhere you look in this report—whether it be the war years or the years at which I have been looking, particularly, because I do not intend to deal with the war years tonight—you find the same thing: maintain the highest possible price, get rid of your competitors, and discipline any member of the milling interests that will not agree with you.

On July 21, 1939, they made some price changes: Exhibit 441.

"Price Changes:
Present prices are taken as being promulgated on No. 2 northern cash wheat 50 cents per bushel, and shall advance 15 cents per barrel for each 2 cents per bushel advance up to 60 cents; and shall be reduced 10 cents per barrel for each 3 cents per bushel decline in the market; always making allowance for millfeed changes."

The reason for this change is outlined in a letter of July 24, 1939, from C. H. G. Short (Lake of the Woods)—

I think he was mentioned this afternoon; I think he was the gentleman who was in charge of this particular field under the wartime prices and trade board during the war.

—to G. H. Booth of the Winnipeg office:

"I also managed to sneak a gentle suggestion over, which was adopted—that with every 2 cents upward movement until the No. 2 wheat reached the 60 cent price the price should be advanced 15 cents and that price should be reduced 10 cents per barrel only on decline of 3 cents per bushel. This arrangement, I hope, will mean that with movement in the market we will get in an even better position than the $3.30 price legislated."

Mr. Knowles: Quite a sneak.

Mr. Coldwell: There again you have the type of thing that was done by these powerful companies.

I cannot go into all the matters because there are several other things I want to say; but whether they were dealing with the bakers, with government institutions, or the Department of Justice purchasing for the penitentiaries before the war, or whether they were provisioning Canadian government ships, they all got together, and they decided what they would do about it together. In other words, they acted as a combination; they controlled prices; they set prices; and this report is replete with evidence in that regard. Then we are told that this report was unsatisfactory to the government, that it was not the kind of report which should be made public, and the commissioner resigned because he was determined that the people of Canada should know what was going on.

During the 1930's, when the province from which I come was the victim of the most unprecedented drought in our history, we find indeed the first letter which Mr. McGregor says is evidence of this price fixing, of September 15, 1936, from D. P. Noel to J. Sangster (Western Canada) Winnipeg. He says:

"I confirm my telephone conversation with you this afternoon during which I indicated I had received confirmation from all mills—

I would call attention to those words "all mills."

—that the municipality at Frontier would be quoted on the basis of $6.10 per barrel for a carlot of first patent flour in cottons, sight draft attached to bill of lading."

Those of us who know where Frontier is know that that flour went down into an area which was one of the worst drought-stricken areas in Saskatchewan.

The same thing applied to millfeeds. When millfeeds were being sent into British Columbia, evidently some of the people who sold millfeeds in that province were not maintaining the prices laid down. In 1944, as you will find throughout the war years, complaints were made that the price ceiling was not observed. Bear this in mind, and let us be clear about it. The price ceiling as laid down during the war was a ceiling, never a floor and was never intended to be a floor. This is the reference I am going to make to those war years. You will find that throughout the war years these milling interests insisted on maintaining the highest prices permitted by the government, with a few notable exceptions. They kept at the ceiling and all kept the same price; and

when one of them broke away, then of course there was a good deal of criticism of that one by the rest of the combine.

A special system of quotation was adopted at Vancouver which illustrates exactly what I mean. The proposed procedure at Vancouver—and this is a wartime matter—was outlined in a letter of June 8, 1944, from Mr. J. Clark, Vancouver, secretary of the Vancouver group, to Mr. Noel in which he said this:

"Following receipt of the directive issued by you on the subject of tenders of the Department of Munitions and Supply, a meeting of the Vancouver members was held to discuss and draw up a plan to give effect to the suggestion therein contained. As a result the following was agreed upon,—

I may say that I am not going to read the story on the previous page, but they were having trouble with a Vancouver group, the name of which I have forgotten at the moment, which was offering flour and so on at a lower price than they had agreed upon. The letter continues:

That any special price should apply only to Vancouver, Nanaimo and Esquimalt tenders; that all members should complete tenders regardless of prices used, as it was felt that failure to do so might lead to some questioning. The members also agreed that a maximum price discretion of 20 cents per barrel would be enough to start with; this of course could be increased later if found necessary.

The procedure agreed upon was that each month three members should use price differentials of 10, 15 and 20 cents per barrel, that the balance of the members use the regular list. This would be alternated each month when three other members would follow the same procedure, the rest using the list.

The first three members authorized to use the special price basis were selected by lot and these were: The Brackman-Ker Milling Co. Ltd., Lake of the Woods Milling Co. Ltd., and Maple Leaf Milling Co. Ltd. It was understood that on the present tenders they would quote as follows:

B & K

Vancouver	20c
Nanaimo	15c
Esquimalt	20c

Lake of the Woods

Vancouver	15c
Nanaimo	10c
Esquimalt	20c

Maple Leaf

Vancouver	10c
Nanaimo	20c
Esquimalt	15c

the members to leave the flour prices open when sending their tenders to the secretary, who would then complete this portion of the tender.

Members agreed that the secretary be authorized to select the name of the three members using the price differential on all future tenders and the figures at which the tenders are to be priced. Members would be advised of the prices quoted only after all tenders had been completed and sent in to the Department of Munitions and Supply.

Mr. MacInnis: Whom were they tendering for?

Mr. Coldwell: For the government.

[Mr. Coldwell.]

Mr. MacInnis: The Department of Munitions and Supply.

Mr. Coldwell: The letter continues:

"Our tenders for the month of July requirements do not have to be submitted until June 20 so if there are any criticisms or suggestions that you would like to make regarding the above arrangements will you kindly advise us in time so that these may be followed out."

There you have the story. I am not going to comment upon it—because I think comment is quite unnecessary—in order to draw the conclusion.

Before I conclude I wish to say that I have read very carefully the correspondence between the minister and Mr. McGregor. On page 2 of his letter Mr. McGregor points out:

There is greater need now for strong action under the combines act than there has been at any time in the past twenty-five years. To an alarming degree price-fixing activities such as we reported in the flour milling industry have been developing in the post-war years; some of them originated in the war period; and some were started, as in the flour milling industry, even in the pre-war years.

What I have sought to do tonight, Mr. Speaker, is to show to the house that no matter what may be said of what was done during the war by the milling companies, or under whose direction they were operating up to September 15, 1947, they were guilty of malpractices, guilty of breaking the spirit of the Combines Investigation Act, and they should be prosecuted, and the people of Canada should know what is in this report, and be able to read it for themselves.

Someone has said that Canada is probably the most monopoly-ridden country in the world. I do not know whether that is true or not, but I do know that there are great monopolies that have operated in this country prior to the war and subsequent to the war. I have not forgotten that in 1943 I rose in my place and exposed one of these great monopolies, namely, the aluminum monopoly. When the report was made on what I had to say regarding it, it was said that none of my statements had been proven by the facts, and yet two years later on substantially the same data, with exactly the same charges, the Supreme Court of the United States convicted the Aluminum Company of America, indeed in reality Aluminium Limited of Canada, of monopolistic practices of the type that I had reported to this house.

There is one thing more in the minister's letter to Mr. McGregor that I want to ask about, and it appears at the top of page 2, as follows:

What still worries me is why, in the preparation of your report, you did not ascertain these disputed facts from Mr. Gordon which could have been done quite simply by asking him about them. It appeared from the disclosures in my office the

other morning that you couldn't get these facts from anyone else because they were not in the possession of anyone else.

Only Mr. Gordon had these facts. Not even the minister or the government had these facts, and not even the milling companies had them. As I say, I had given the most careful reading to this report that I could give in two short hours, and nowhere in it do I find that any member, speaking on behalf of the milling industry, at any time said that they were acting on the advice, or with the consent, of Mr. Gordon or Mr. Taylor. Nowhere in the report can I find it. Let me say that if they were acting on the advice of Mr. Gordon or of Mr. Taylor subsequent to September 15, 1947, they were not acting on the advice of Mr. Gordon prior to September, 1939, nor do I believe that they have been acting on the advice of Mr. Gordon or Mr. Taylor since 1947. If they were acting on the advice of Mr. Gordon or Mr. Taylor I would like to know under what authority either Mr. Gordon or Mr. Taylor was acting and giving them advice. I want to know what the authority was. Apparently not even the minister knew that there were certain facts that were known only to Mr. Gordon. Consequently I say, Mr. Speaker, it is unfortunate that this debate was initiated in the way in which it was because it prevents this house from taking action on the report and on the government's neglect to place this report before the people of Canada as they were by statute obligated to do. Through the method that has been adopted today in bringing discussion of this report to the floor of the house, I will not say whether designedly or not, it in effect stifles this parliament and prevents any disciplinary action on its part.

Mr. Solon E. Low (Peace River): Mr. Speaker, I do not wish to detain the house too long on this subject, although I might say that, if my own desires were to be realized, this report of the commissioner of combines on the flour milling industry would occupy the house for several hours in detailed discussion. On behalf of the group that I represent in this house I want to add my voice to the protests that have been made against the action of the government in what I consider to be the most reprehensible withholding of a report of a responsible officer so that people would not know what it contained.

We join in protesting against the clever way in which this debate was started today. If it was not designed it was certainly a very happy accident for the government.

An hon. Member: Providential.

Mr. Low: Providential is right. Certainly a matter of the first-rate importance of this report should have received the attention of this house in the fullest possible measure. On the basis of the facts that are known thus far, the only conclusion that hon. members can reach is that the government had something to hide. Either that, or the government had something to lose in the election that was imminent.

I was not able to be here this afternoon, but from what I could judge as a result of reading the correspondence, and my own experience covering a number of years back in connection with the Combines Investigation Act, I can reach only one conclusion, namely, that either the government had something to hide and cover up or they deliberately withheld this report because they were afraid to take action under it, or to make it public because they had something to lose in the ballot or in the support of the companies which are named in the report. If these things are not true, then I want some member of the government to rise in his place and say that they are not.

I have not had time to read the report. I just got it in my hands after eight o'clock tonight; but you can turn anywhere in it and find illustration after illustration of much the same kind of thing as the hon. member for Rosetown-Biggar (Mr. Coldwell) has drawn to the attention of the house. Let me refer briefly to pages 91 and 92 of the report to show how the C.N.M.A. dealt with competitors who did belong to their organization and had dropped out, and the way in which they dealt with bakers who were purchasing their supplies of baking flour from small mills. Mr. McGregor said:

> The correspondence makes it clear that the competition from the Copeland Milling Company, whose plant is located at Midland, Ontario, was regarded as of particular importance. The Copeland Company had severed its connection with the C.N.M.A. in 1934. Reference is made to Midland in the next quotation, which illustrates another method of dealing with such competition. It is an extract from a memorandum of decisions reached at an executive meeting on April 5, 1939.
>
> "It was unanimously agreed to institute special price reductions at irregular intervals on the following basis:
>
> As a trial, the reduction should be applicable to bakers in all towns located on or south of the branch line of the C.N.R. running from Belleville west to Midland, Ontario; and the price to be applicable to jobbers in this territory on their purchases of baker-flour requirements in jute.
>
> It is understood that the reduction will be agreed upon at irregular intervals, at the discretion of the mills."

That gave them the right to depart from their agreement reached as a result of their meetings.

> "The frequency and amount of the reduction in price shall be mutually agreed upon—"

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If that is not a combine in restraint of trade, then heaven knows what would be. I repeat:

"The frequency and amount of the reduction in price shall be mutually agreed upon between the mills on a majority vote of four (4) members. The reduction to be effected, and the time of its coming into effect, shall be made known to all members as soon after the market close on a Friday as is possible."

That memorandum was dated April 5, 1939. Then the report continues:

A few months later agreement was reached among members of C.N.M.A. that reduced or "open" prices could be quoted to particular accounts known to be customers of small mills. For instance, in memorandum No. 38 of executive meeting of July 21, 1939, the following is reported:

"To the following bakers in the province of Ontario, all mills shall quote 40 cents per barrel under the lowest Ontario bakers' basis:

Dempster
Weston
Henderson

To the following bakers in the province of Ontario, Robin Hood and Quaker shall quote 40 cents per barrel under the lowest Ontario bakers' basis, and all other mills shall quote 30 cents per barrel under the lowest Ontario bakers' basis:

Barker-Bredin
Wright
Dietrich
Hill
Atlantic and Pacific
McCutcheon
Parnell (London)
Mara
Christie-Brown
Phillpott
Frances"

When one reads things like that he is reminded of the committee on prices of this house. I distinctly recall certain investigations that were made of bakers' prices, but I do not recall any of this ever having been brought out in that investigation so that the public could see and understand and use their moral influence so that no combine for the restraint of trade might exist in this country. What good was that prices committee anyway? I think it was a washout and there is no one more responsible for it—

An hon. Member: Than the government.

Mr. Low: Certainly, the government, and some of the employees of the government. One could go on for some time to give different illustrations. I only wish we had time to digest this report more thoroughly so that it could be discussed fully.

This whole business revives in my mind the memory of the relationship which we in Alberta had with Mr. McGregor some years ago in connection with an alleged combine in restraint of the tobacco trade. I was a member of the Alberta government at the time and I recall a visit I made to Ottawa early in 1938 when I had a discussion with Mr. McGregor. He urged us in the strongest possible way to take action in the province of Alberta, we being one of the provinces where it was patently clear that a combine did exist, in order to bring the whole matter to the attention of the Canadian people.

I do not think I am breaking any confidence when I say that at that time Mr. McGregor told me how difficult it was to get any encouragement from high places to institute these prosecutions, even where inquiry showed that there was a combine. As a result of Mr. McGregor's report on the alleged combine in the distribution of tobacco products which was issued on August 31, 1938, the province of Alberta took action. They prepared well and long and spent over $50,000 in an effort to obtain convictions under the Combines Investigation Act. However, that act made it absolutely impossible to get convictions even though there was every evidence in the opinion of many legal persons in the province that it was an open and shut case.

We found Mr. McGregor to be, not only a faithful but a courageous public servant, a man who took his duties seriously. We respected him and his judgment and his advice. It seems too bad that his career should end in the way it has. Ever since the resignation of Mr. McGregor last week I have been wondering whether he has not been retained by this government since 1939 more as a gesture toward public opinion than for any other reason.

I think that this whole business raises the question whether or not the wartime prices and trade board practices during the war did lead to price-fixing arrangements between large companies that should have been competitors. I feel practically certain that if we were to have a full-dress debate on this report such a thing would be brought to light. I fully believe that that is the case.

I just want to join with what the hon. member for Lake Centre (Mr. Diefenbaker) said since I came into the house at eight o'clock, and also with what the hon. member for Rosetown-Biggar (Mr. Coldwell) has said, and to protest in the strongest possible way against the manner in which the government has handled this whole business. I feel satisfied that the government stands to be condemned at the bar of public judgment.

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, I do not think there is much that needs to be said in addition to what has been already said so well by the three hon. members on this side of the house who have taken part in this debate. I would not rise at this moment to speak, an action that might be considered an anticlimax following the magnificent speeches that have been made, if it were not for the fact that I feel that I have

had one put over on me in connection with this matter. I do not like having something put over on me because I never try to put something over on someone else.

On September 21 I sent a note to the Minister of Justice (Mr. Garson) stating that on the orders of the day that afternoon I intended to ask whether a report on the milling industry in Canada had been made and, if such a report had been made, would it be tabled? The Minister of Justice called me on the telephone just before three o'clock and said he would like to see me. I told him I would be in my room and he came up to my room. He said that he did not want to suggest that I should not ask the question, but that he wanted to give me some facts before I would ask it. The facts that he gave me were that the government had a bill to amend the Combines Investigation Act ready and did not want to make any report public before that bill was passed.

I am not a member of the official opposition, but I am on the opposition side of the house. I never considered that it was my duty to use every opportunity I could get to embarrass the government. I considered that it was my duty, so far as possible, to help the government give good government to Canada. I did not want to ask the Minister of Justice (Mr. Garson) anything in my office that I would not ask him on the floor of the house. Therefore I did not even ask him if there was a report. I asked him—and remember this was on the 21st of September—when the bill would be introduced. He said, in ten days or two weeks. I said, "All right; I will not ask my question today, nor will I ask it at any time without giving you notice."

The next time I brought up the matter was when the hon. member for Lake Centre (Mr. Diefenbaker) asked a question about the flour milling report. I asked then when the bill would be introduced. I do not know what date that was, but it is about three weeks ago. The Minister of Justice said at that time that it would be introduced in a very few days. I want to tell you, Mr. Speaker, that the way the government has acted in this matter since the 29th of December last is positive proof to me that they arranged it in order to get Mr. McGregor's resignation. If that is the way the government regards faithful service, such as Mr. McGregor has given to the government and to the country, then it is not worth while for an honest man to enter into the service of the government. I just think it is something really funny to hear the Minister of Trade and Commerce (Mr. Howe) lecturing Mr. McGregor on moral values. After the way this faithful servant has been treated, I am amazed that any minister should come into the house and talk about moral values.

Mr. Knowles: After he has helped to break the law.

Mr. Diefenbaker: Being dogmatic.

Mr. MacInnis: After he has helped to break the law, and perhaps, so far as I know, insisted that the law be broken. Remember that King Charles lost his head because he thought he was not bound by the laws of the country. The government took good care that they had a large majority in the house before they let the people of Canada know that there was a report of this kind. They have not only put something over on this house; they have also put something over on all the people of Canada.

For the last four years a great majority of the people of Canada have been striving to keep their heads above water, striving to get along in the face of the ever-increasing cost of living, and when a report is made by a man who is experienced in making such reports, who is experienced in taking evidence, it is kept under cover. I should like to ask the Minister of Justice this question. I should like to ask the Minister of Trade and Commerce this question, since he appears to be running the Department of Justice as well as the Department of Trade and Commerce. If it was necessary to get Donald Gordon's advice before the report could be made public, why did you have to wait until October 22, 1949, to get his advice or permission to publish the report that was in your possession since December 29, 1948?

From what has been said in this connection, and from what the hon. member for Rosetown-Biggar (Mr. Coldwell) has already put on the record from the report, as to how these large companies not only controlled but manipulated prices, and shuffled them like cards in a poker game, I should like to know who was in charge of controls in this country, and who is in charge now. As it was refused last Friday, I am now going to put Mr. McGregor's letter of resignation on the record. May I say here that I never saw anything more shabby than the refusal of the Minister of Trade and Commerce to allow Mr. McGregor's letter of resignation and the statement accompanying it to go into *Hansard* last Friday, and then to read into the record—

Mr. Knowles: That is morality.

Mr. MacInnis: —Donald Gordon's statement, a statement that did not even carry a date. No one knows when it was made. My friend from Winnipeg North Centre says it is

a brand of morality. It is a brand of morality to which we are unfortunately becoming too much accustomed in this house. Mr. McGregor's letter is dated October 29, 1949, and reads:

Room 122, Justice Building,
October 29, 1949

Hon. Stuart S. Garson,
Minister of Justice,
Ottawa.

Dear Mr. Garson:

I should appreciate it if I could be relieved of my duties as commissioner of the Combines Investigation Act at an early date. I hope my resignation can be effective not later than December 31 next, I hope that within the next few weeks I can complete the two reports which are now in draft form. But if an earlier date would be more satisfactory to you, I shall of course be prepared to retire at whatever time you say.

It is a keen disappointment to me to feel obliged to withdraw, before my time, from work which I am convinced can be made of great service to the public of Canada, work which has been my chief interest during the past twenty-four years and in which I have had the whole-hearted co-operation of a group of very competent and public-spirited associates.

The occasion for my taking this step is briefly indicated in the attached memorandum.

I hope, Mr. Speaker, you will allow me the privilege of reading the memorandum, since it is a part of the case in the same way as the memorandum prepared by Mr. Donald Gordon which was read in the house this afternoon. The memorandum is dated October 29, 1949, and reads:

Memorandum to
The Minister of Justice:

The principal circumstances which have led me to submit my resignation as commissioner of the Combines Investigation Act can be stated briefly.

First and foremost is my deep concern about certain tendencies that have been apparent in recent months which in my opinion seriously threaten the usefulness of this legislation.

One of the principal remedial measures provided by the Combines Investigation Act is the publication of reports of investigations. The withholding for so many months of publication of a report which the act requires shall be made public as soon as possible after its receipt (this is the only instance of the kind in my experience) is one illustration of the tendencies I have in mind.

Closely related to this are the differences of opinion on basic policy that have been revealed in our recent discussions relating to the flour investigation and report. I am not raising any question of your obvious right and the right of anyone to point out errors in any work I have done. The criticisms made, however, have not been directed particularly to any error of fact in my report but primarily to the policy that was followed. You have expressed the opinion that the inquiry should never have been started. I am satisfied in my own mind that the facts disclosed in the report more than justify the investigation.

May I just stop there to ask who, having listened even to the few facts placed on record this evening by the hon. member for Rosetown-Biggar (Mr. Coldwell), will dare rise in his place in this house and say that the facts already disclosed do not justify the investigation and report.

It was instituted and conducted, as our other inquiries have been, in keeping with the letter and spirit of the act. The conclusions reached, I am convinced, are completely justified and are in keeping with the many judicial interpretations of the statute in other cases. The investigation was started with the knowledge and approval of the then Minister of Justice, Right Hon. J. L. Ilsley. The action we took was in accord with the basic purposes of the act and with my understanding of the government's expressly stated policy of preventing restrictive practices which deprive the public of the benefit of reasonably free competitive conditions.

Just at this point may I refer to the letter of December 29, 1948, which accompanied the report, in which Mr. McGregor said:

Mr. John G. Ahern, K.C., of Montreal, who was appointed by the Minister of Justice to act as counsel in the investigation, conducted the examination of witnesses throughout the hearings, and I wish to acknowledge the able services which he has rendered.

Here is a government that helped the combines investigator make an investigation; then, after he presents his report, they bury it. Now I continue with the memorandum:

I recognize fully that the making of policy is not the responsibility of a civil servant, but as a civil servant I would prefer not to carry on under conditions of uncertainty and conflicting tendencies such as I have experienced recently.

Evidently he did not know under which minister he was supposed to be working.

There is greater need now for strong action under the combines act than there has been at any time in the past twenty-five years. To an alarming degree price fixing activities such as we reported in the flour milling industry have been developing in the post-war years; some of them originated in the war period; and some were started, as in the flour milling industry, even in the pre-war years. To meet the situation, to prevent these practices which are designed to limit or eliminate the public safeguard of price competition, there is every reason why the powers of the combines act should be strengthened. Council accepted in the present bill our proposals of three amendments, including a very important amendment designed to meet the difficulties of the dental judgment, but the only suggestions from council which you called on me to consider seriously were provisions which would have had the result of limiting the effectiveness of the legislation.

I wonder if there is any relation between that phrase and Mr. McGregor's resignation.

I have in mind such proposals as those to eliminate the commissioner's initiative in launching inquiries, to place serious limitations on the requirement that reports be made public, and to provide for exemption, after prior approval, of certain types of agreements to restrict production or eliminate price competition. These suggestions have not been included in the present bill, but my understanding from you is that consideration of them has been merely postponed pending a proposed "overhauling" of the act. Overhauling of the act could serve many useful purposes. I am apprehensive, however, particularly in view of the nature of the changes which have been suggested

for consideration, of the ultimate result of any revision of the statute which would include changes along these or similar lines.

My hope is that my successor, in carrying out responsibilities which have many quasi-judicial aspects and call for a substantial measure of independent action and judgment, will have the support of an even stronger statute than the act in its present form, and a clear statement of government policy with respect to its enforcement.

I do not believe there is much more I can usefully add; but I want to tell members of this house, wherever they sit, that this is a matter which comes before loyalty to the government. It concerns loyalty to the people of Canada. If by your silence or otherwise you approve the policy the government followed in this instance, then I can tell the people of this country that their interests have very little safeguard if that safeguard lies with the present government.

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, after the excellent and eloquent speeches to which we have listened by the hon. member for Lake Centre (Mr. Diefenbaker), the hon. member for Rosetown-Biggar (Mr. Coldwell), the hon. member for Peace River (Mr. Low) and the hon. member for Vancouver East (Mr. MacInnis) I feel that I have a very difficult task cut out for me in replying to all the arguments which have been advanced, within the period of forty minutes which is allowed to me by the rules. However, I shall take up the various points as rapidly as possible.

First I should like to deal with what I must regard as the rather extraordinary and unworthy argument put forth by the hon. member for Lake Centre in which he either stated or clearly implied that the government—and this would include the combines act administration itself—over the years had been guilty of not effectively using the teeth that were in the law; that if they had done so they would not be under the necessity of coming to the house at the present time to secure amendments to the act. In other words he suggested that in certain cases which he instanced, the dental supplies case and the tobacco case, to which I shall make further reference in a moment, the crown's case was presented in a rather bungling fashion with the idea, as I inferred, that under the show of a great amount of prosecuting zeal the case was handled in such a way that no conviction was obtained. I think I should reply to that, in fairness to Mr. McGregor and his associates, who in spite of differences of opinion which have arisen are clearly entitled, in many ways, to the admiration and respect of the government, which in fact they have. Mr. McGregor and we have differed on a matter of principle. I believe it is only fair that, during the course of this debate, there should be put upon the record a list of the successful prosecutions which have been launched by him and his associates, acting under the authority of the government which he has served—for the most part governments of the Liberal party.

I should like to list the cases that have been undertaken. First of all, there are the prosecutions by the provincial attorneys general under this act, based upon material supplied by the combines investigation branch. There is Rex *v.* A. B. C. Plumbers, conviction and fine; Rex *v.* Famous Players, an acquittal; Rex *v.* Alexander, the electrical contractors' case, a conviction and fine and the appeal dismissed; Rex *v.* Chapman, fruit basket case, a fine and no appeal; Rex *v.* Canadian Import, the Quebec anthracite coal case, a fine and the appeal dismissed; Rex *v.* Hartt and Adair, a fine and the appeal dismissed; Rex *v.* Staples, Western Fruit case, acquittal and no appeal taken. Then, there is Rex *v.* Imperial Tobacco Company, which my hon. friend the member for Lake Centre singled out for criticism as being one of the examples of this practice to which he was referring.

Now, sir, in that case prosecution was commenced by the provincial attorney general. It was a case taken under provincial auspices in which the crown case was handled by a prominent Calgary lawyer and his assistants, and in this case efforts were made to introduce documentary evidence. The trial judge refused to admit it, with the result that the prosecutor had no alternative, so I am advised by Mr. McGregor, but to ask for a stay of prosecution. There was, therefore, no conviction in those proceedings.

The provincial attorney general was not disposed to proceed further with the case. After a year, he was finally induced by the dominion government to institute new proceedings under the Combines Investigation Act. The first proceedings had been taken under the criminal code. We provided the services of eminent counsel, Mr. J. C. McRuer, K.C., now the chief justice of Ontario and H. M. Brown and I. M. MacKiegan of the combines investigation commission staff. Surely all of these gentlemen, including the Calgary counsel in the first case, should not be subjected to the criticism that in acting under their retainer they were going to go through the forms of prosecution but not with sufficient skill or zeal to produce any results.

At any rate, in the second proceedings, under counsel instructed by this government in 1941, the defendants were convicted. Fines were levied amounting to $221,500. An appeal was taken and the conviction was quashed

upon the grounds that, since the accused had been placed in jeopardy in the first proceedings in which the stay was entered, they could not be placed in jeopardy a second time. I believe my hon. friend will search in vain in the record of those proceedings for any support for the argument he advanced. In that case, it was through the efforts of counsel appointed by this government that the accused were brought to justice. It was only because of the stay of proceedings having been entered in the previous case that they were able to successfully plead *autrefois acquit*.

Mr. Diefenbaker: Did they plead *autrefois acquit* in that case?

Mr. Garson: Yes.

Mr. Diefenbaker: No, they did not. You have not read it.

Mr. Garson: My hon. friend will not deny that there was a stay of proceedings entered in the first place?

Mr. Diefenbaker: That is right.

Mr. Garson: The hon. member will not deny that there was a conviction in the second case and that there was a fine of $221,500? Then, after that, there was an appeal and the conviction was quashed.

There was Rex *v.* Simington, the Western Fruit case, a conviction and fine of $200,000. No appeal was taken. There was Rex *v.* Bennett-Wright, A.B.C. Plumbers, conviction and fine of $26,500; Rex *v.* Singer, A.B.C. Plumbers case, conviction and fine, appeal dismissed; Rex *v.* Belyea and Weinraub, A.B.C. Plumbers case, conviction and fine, conviction confirmed by Supreme Court of Canada; Rex *v.* Container Materials, the shipping container case, $156,500 in fines, appeal dismissed by court of appeal, and by Supreme Court of Canada; Rex *v.* Wilson Boxes Limited, the new trial of one accused in Rex *v.* Container Materials, conviction and no appeal taken; Rex *v.* Badden et al., shipping containers, fines and no appeal taken; finally Rex *v.* Ash-Temple, the dental supplies case, in which there was an acquittal, which has come under the criticism of my hon. friend from Lake Centre.

I believe that those cases I have recited indicate that, in matters of very great complexity and difficulty, the batting average of this department and of this government in connection with these prosecutions has been unusually high.

Mr. Coldwell: And of Mr. McGregor.

Mr. Garson: Yes, indeed.

Mr. Brooks: Why did you not go ahead with this case, then?

[Mr. Garson.]

Mr. Garson: My hon. friend's interjection is fortunate in that it leads up to a point I wanted to make. My hon. friend, the member for Lake Centre, suggests that this government conspired to instruct counsel in such a way that the case would be bungled and the accused freed. I should like to place on record the fact that, in connection with the instructions to counsel in the Ash-Temple case, the dental supplies case, ever since I came into the department I have been under the impression—I confirmed it an hour ago with Mr. McGregor—that Mr. McGregor had a free hand in recommending the selection of counsel. This was true in most of these cases. As a matter of fact, the man who was selected was recommended to him, and through him to the government, by Mr. Peter White of Toronto, an eminent and able man himself. He suggested we should have as counsel Mr. D. L. McCarthy, K.C., one of the outstanding counsel in Canada.

I notice my hon. friend nods his head in agreement.

Mr. Diefenbaker: Will the minister permit one question? In the other cases in which prosecution was successful, were the documents put in without proof of names and without proof of authority?

Mr. Garson: That is an extremely ingenious question. My hon. friend says, in relation to over fifteen cases I have listed, and the details of which neither he nor I have ever seen, could I tell him whether, in my opinion, this or that or the other was proven? I can tell him I have not the faintest idea.

That brings me to this dental supplies case which has an important bearing upon the matter which is now before this house. After having been sworn in on November 15, I was faced with the necessity of securing a seat in a by-election, so I did not come to Ottawa to carry on the duties of minister until the early part of January, this year. One of a number of matters which I found upon my desk at that time was the report of the combines investigation commissioner in connection with the flour milling industry. I should like to lay before you, Mr. Speaker, and through you, before the members of the house, the situation as I then found it. I took this report which was upon my desk—a report which had not been delivered to me in person because I was not here to receive it, upon a matter about which I had no more personal information than I have about the present state of affairs in Siam—I took this report to cabinet for discussion with my colleagues and I hope I can discuss this matter without breaking any cabinet secrets. When I took it in for discussion with my colleagues, I was at once confronted with

the viewpoint that, with regard to the war years, the tenor of this report was quite contrary to the understanding upon which the wartime prices and trade board had operated. Not having been in the government during the period of price control, who was I to question that viewpoint of my colleagues? And I would never have questioned it in any event.

Mr. Diefenbaker: Whom were you confronted by?

Mr. Knowles: You could have read the act.

Mr. Garson: But that was not all. We had this sincere difference of opinion, which has been so sincere upon the part of one of the parties that he has resigned his position as a result of it and which is just as sincere, may I say, on the part of those who hold the opposite view. But in the carrying out of my duties as Minister of Justice I was not only confronted with this basic difference of opinion on some of the most important facts with which the report dealt, but I was also confronted at the same time with a great state of uncertainty with regard to the law that was to be applicable to those facts.

The dental supplies case had been heard by Mr. Justice Barlow with a jury on March 18, 1948. In that case, upon the ground that the documents were alleged to have been found in the possession of the employees and agencies of the corporate accused and were tendered in evidence upon that basis, and upon the basis that incriminating documents found in the possession of the accused are binding on the accused, the trial judge in the early stages of the trial permitted these documents to be entered as evidence. Later he withdrew the case from the jury upon the ground that there was not sufficient evidence upon which a jury could render a verdict. That was in March, 1948.

This group of counsel whom my friend the hon. member for Lake Centre (Mr. Diefenbaker) accuses of being derelict, fumbling and neglectful—

Mr. Diefenbaker: I rise to a question of privilege, Mr. Speaker. I never said that the counsel were derelict. I said that the government departed from the regular principles of proving ordinary documents in the ordinary way, and directed these counsel to act as they did.

Mr. Garson: Having a little while ago given me credit for being a mind-reader, the hon. member now shows great propensities in that direction himself.

Mr. Diefenbaker: I never gave the minister credit for being a mind-reader or anything else.

Mr. Garson: My hon. friend knows perfectly well, as a leading counsel himself, that counsel who is in charge of a case of this kind is the man who determines what evidence he is going to put in; and no clients, least of all experienced clients like Mr. McGregor and his associates in the combines investigation department, would ever think of instructing their lawyer as to the legal methods of proof. They take advice from him as to what evidence the lawyers wish them to adduce. What my hon. friend is doing, although he may want to take away from it now, is this—

Mr. Diefenbaker: He does not want to take away anything.

Mr. Garson: What it amounts to is this. He is accusing counsel in that case of gross neglect of duty and gross carelessness in the presentation of their case. I say on behalf of the government that we accepted, as we had in previous instances, the recommendation of the combines investigation department as to the identity of counsel. Unlike my hon. friend, we have no great complaint as regards counsel. Our complaint is with regard to the judgment which was given, and which we are now attempting to correct in the bill which is on the order paper.

At any rate, in March, 1948, the trial judge withdrew the case from the jury and said that there was no evidence to go before the jury. From that judgment our counsel appealed. The appeal came on and was discussed before the court of appeal from September 27 to October 13, 1948. The argument on the appeal took that length of time because of the fact that hundreds of exhibits were presented and complex legal issues were brought before the court by both sides of the argument on appeal. Following the hearing or argument, the court of appeal reserved judgment.

Thus in the early part of January, when I came here as Minister of Justice, I had on my desk a report in respect of which on some of the most basic facts there was a strong difference of opinion amongst highly intelligent and sincere people. I was also confronted with a state of the law which, if it was to be considered to be as it was held to be in the trial court judgment delivered in March, 1948, or as set out in the argument on behalf of the accused in the appeal court hearing in September and October, 1948, would leave us in an extremely difficult position in proving our case, quite regardless of this difference of opinion as to the facts.

It was not until February 28, the last day of February, 1949, that the appeal court of Ontario which had heard this case in September and October of 1948, delivered

their judgment. We have never disguised—and certainly I have never disguised—or made any attempt to disguise the fact that that judgment is a body blow against the administration of the Combines Investigation Act. When the hon. member for Lake Centre says that the bill we are bringing forward now to undo the effects of that judgment just deals with a trifling little matter, he is showing a much smaller knowledge of the law than I should have thought he possessed.

While I do not want to anticipate my own legislation in any way, I think it is essential that I should say a few words about the issue which was raised in this case, because it is impossible to understand the position in which the government has been placed unless one understands the effect of the dental supplies judgment upon the very issue of the flour-milling report that we are discussing this evening.

We have two other sections in this bill, but the real necessity for introducing this amending legislation at the present time is because of the uncertainty of the law, a situation which has been created by this decision of the Ontario court of appeal of February, 1949. Following that decision the first thing we did —and this took considerable time—was to obtain the legal opinion from Mr. D. L. McCarthy, K.C., our leading counsel, concerning the judgment in question, so that we might on the basis of such opinion, and in further consultation with him, draft an amendment which would offset the effect of this judgment. I think the first draft of the amendment was made on April 7, 1949. As hon. members who were in the former parliament know that was at a time when there certainly was no prospect of securing any amendment to the Combines Investigation Act in that session of parliament. The amendment we are now submitting has been reached only after several drafts have been made since this first one. In the course of making those drafts we have dealt with a number of suggestions coming from Mr. McGregor and his associates. As he correctly enough says in his letter that the hon. member for Vancouver East (Mr. MacInnis) read into the record tonight, we also dealt with certain suggestions which came from the cabinet. Under the act Mr. McGregor has extremely wide powers. I do not think there is any other civil servant in Canada who has much wider powers than Mr. McGregor has under the act. He has the power to initiate all inquiries without any reference to any minister at all. In most cases he carried on a preliminary investigation. I believe that the ratio of cases in which final report is made to the total of the preliminary investigations is about 10 per cent. In other words it is only in the more serious cases that he conducts a complete inquiry and files a report.

Mr. McGregor refers to my predecessor, the Right Hon. Mr. Ilsley, as having authorized these proceedings to go forward, but Mr. Ilsley's giving authority had nothing but academic significance, because his authority was not required. The commissioner himself has complete authority to go forward without authority from the minister. To charge the government that places in the hands of one of its civil servants that measure of authority with neglect in this matter seems to me to be somewhat unreasonable.

But, sir, notwithstanding this very great authority which the commissioner has, we in the cabinet like to feel that we have a small residue of responsibility, if I may speak jocularly, for matters of policy.

Mr. Coldwell: Get the authority from parliament then to have that responsibility.

Mr. Garson: Yes, that is right.

Mr. Coldwell: You should do that.

Mr. Garson: What I meant was we have some responsibility to initiate ideas, to have ideas.

Mr. Abbott: The hon. member may not like that.

Mr. Coldwell: I was talking about withholding the report.

Mr. Garson: No; I meant to have ideas.

Mr. Coldwell: We are glad to know you have them.

Mr. Garson: We had a number of ideas from Mr. McGregor and his associates, in respect to the formation of which he was under no restrictions whatever. Any good ideas that occurred to them they put down and sent to me and I took them into cabinet. There were no restrictions whatever. Well, we had a few ideas ourselves, and we, with some timidity in view of the great powers that the commissioner had, ventured to put these forward, and he turned every one of them down. These are the ones he refers to in his letter.

I want to say, Mr. Speaker, that in the legislation which is now before the house there is not one syllable but what came from Mr. McGregor and his associates.

Mr. Coldwell: He says so.

Mr. Garson: Yes, that is right. But more than that, to every single one of those ideas that we had he said, "I object to them". We said, "All right, Mr. McGregor, we won't press them". And that is the way the matter stood.

Mr. Smith (Calgary West): Surely not.

Mr. Garson: The main section of the bill deals with this difficulty that had arisen in the dental supplies case. In that case, as in all of these cases, I think it requires no great amount of imagination on the part of hon. members to realize, if they stop to think about the matter at all, that when you send the mounted police into a man's business and pick up the documents that he might regard as having some potential embarrassment to him, and take them away and make them the basis of a prosecution, the prospect of getting him or his associates or employees to testify on behalf of the crown or to co-operate with any great amount of enthusiasm or zeal is not very great. Therefore when you get down to the practical job of proving your case you have to rely pretty heavily upon the principle of law which is known as the possessory principle which is that if a man is charged with conspiracy, any documents of an incriminating nature which may be found in his possession are evidence against him. We have applied that principle, which applies to individuals also, to accused corporations. I want to enter a reservation here, Mr. Speaker, as a lawyer. I am giving a very oversimplified application of the law in order to make myself more thoroughly understood. In all of these cases we have attempted, and in several of them successfully, to apply to corporations the possessory principle which certainly is not disputed at all as regards individuals. We did that in cases which I have here. Rex *v.* Simington, 1926, 43 C.C.C. 249 was one of them. Rex *v.* Container Materials Limited et al., 1940, 4 D.L.R. 293, was another. We were successful in these cases in producing the documents and filing them as exhibits and contending that because they were found in the corporate possession of the accused corporation therefore they were evidence against that corporation. It was in very large measure upon the basis of that evidence that we were able to secure a conviction.

Mr. Diefenbaker: Is that case reported?

Mr. Garson: Yes, I shall be glad to give it to my hon. friend. When we did the same thing in the dental supplies case the court, both the trial court and the court of appeal, rejected that evidence. They rejected it upon the basis of a principle which we contend is newly enunciated, and which we think should be cured by the amendments which we are now proposing if we are ever to have an enforceable act.

Mr. Diefenbaker: Why did the minister not go to the Supreme Court of Canada with that case?

Mr. Garson: If my hon. friend will just permit me to finish a rather complicated subject without interrupting me with questions I should appreciate it.

What Chief Justice Robertson of Ontario said in that case was this:

> The proof required, however, in the case of a company differs somewhat from that required in the case of an individual. If the act relied on is that of an officer, servant or agent of the company, there must be evidence that he had authority from the company to perform the act. Mere possession of a document by the company, in the sense that the document was on its premises, or even in the company's files, may not, without more, afford ground for an inference that its contents had come to the knowledge of its board of directors, or of someone having authority from the company to deal with the matters to which the document relates.

At a later point in the same judgment His Lordship said:

> There is, however, one objection common to all the letters. There is no evidence that the writing of any of them was authorized by any of the accused companies, nor is there evidence that anyone having authority to bind the company had any knowledge of the sending of any of the letters or of their receipt or of their contents.

These combines investigation cases usually are based largely upon documents picked up by the mounted police or by other agents of the combines investigation commission from the possession of the various alleged accused. One, two, three or a dozen of the documents in themselves may not spell out the nature of the offence; but all of a large number when put together like a complicated jigsaw puzzle so that they all fit in can build up a case. But if in relation to each one of the documents we had to prove that the board of directors had a meeting and authorized the document to be written, or that some person in the company having authority had authorized that to be done which was set out in the document, we would have an extremely difficult time to ever prove a case at all where offences of this nature had been committed.

Hon. members can understand that where you are dealing with a trade association made up of all the firms in one industry, you are dealing with an entity that is not incorporated and which cannot be joined as a party defendant. You may not want to prosecute the underlings who have the actual handling of association matters. Unless you can rely upon the possessory principle as regards the corporate accused it would be extremely difficult in some cases to secure a conviction.

That is why we are bringing forward this amendment. That is one reason why we wished not to act upon the flour report or to publish it until we had our legislation in shape.

The hon. member for Lake Centre (Mr. Diefenbaker) says that that is inconsistent with the statement made by the Minister of Trade and Commerce (Mr. Howe). I suppose it is, but he is not the Minister of Justice; he has not my responsibility.

Some hon. Members: Oh, oh.

Mr. Garson: If mere consistency was our aim, it would be a simple matter, as the hon. member for Lake Centre will agree, he being a lawyer of some note, to have had all the evidence and all the witnesses agree exactly with mathematical certainty. But the fact is that the Minister of Trade and Commerce had an opinion in relation to this matter based upon his viewpoint as Minister of Trade and Commerce and his experience during the war which I could not possibly share because I was in another activity altogether at that time. I have my own viewpoint in relation to this matter which largely centred around this question.

How were we going to deal with this report that was on my desk in a way that would bring a reasonable amount of credit to or how were we going to avoid bringing discredit to the combines investigation administration and the government? If with these differences of opinion as to the basic facts, with this uncertainty as to the condition of the law, we had published the report and if the counsel of the flour milling companies had shown one-quarter the capacity or had adopted one-quarter of the shrewd tactics of the defence lawyers in the dental supplies case, they would have said, "All right, go ahead and prosecute; we challenge you to prosecute." Then on the condition of the facts and on the condition of the law we would have had what the hon. member for Lake Centre referred to as another debacle on our hands. Then he would have got up and waggled his finger at us and denounced us for having—he did it today without any cause whatever—in effect conspired with counsel whom we had instructed to so conduct the prosecutions that we would never get convictions. We do not do business in that way.

Mr. Diefenbaker: You just hide the report.

Mr. Garson: My hon. friend asks whether this report would have ever seen the light of day if Mr. McGregor had not resigned. What kind of morons does he take us for in this house? Does he think that any government would have a report of this sort and attempt to stifle it permanently?

An hon. Member: Yes.

Mr. Garson: Surely not. Our position is a simple one. We had this report. I do not mind saying that a responsible journalist of this city came to me in a friendly way and told me that he did not know whether we had the report or not, but that if we had it and published it, from what he had heard the minute that was done we would be challenged to prosecute. I did not need to be told that.

Mr. Diefenbaker: When was that that the minister was so informed?

Mr. Garson: That would be some time in the spring of 1949.

Mr. Knowles: Just before the election.

Mr. Garson: Yes, it was before; that is right. But not just before, and I do not know the political persuasion of that journalist.

Mr. Diefenbaker: We can suspect.

Mr. Fleming: Give us his name and we will tell you.

Mr. Garson: Looking at the matter in retrospect I do not think that the action taken has been contrary to the public interest.

Mr. Diefenbaker: Just the statute.

Mr. Garson: If we get our amendment we will certainly be in a far better position as regards this or any other report than we are in now. I am going to base my request for support of the amendment on the position that I would not take the responsibility of prosecuting on any report unless we have this amendment. It would be a matter of grave difficulty. When I say that, I hope the hon. member for Lake Centre will get up and give us some support and not describe this amendment as he did today as being a matter of no consequence, just a trifling matter we are dealing with.

Mr. Speaker: I must inform the minister that his time has expired.

Some hon. Members: Go ahead.

Mr. Speaker: With the unanimous consent of the house.

Mr. Garson: I have a number of arguments to meet, but I shall try to bring my remarks to a quick conclusion.

Mr. Knowles: Do not forget to answer the three speeches from down here.

Mr. Garson: I shall try to do that without offending too greatly against the rules of the house. I do not intend to deal with the report because I assume that all hon. members are literate and can read it themselves. The report speaks for itself.

Mr. Diefenbaker: Before the minister goes on to deal with the other speeches may I ask him just one question?

Mr. Garson: If my hon. friend will ask his question after I have dealt with the other matters, it would be better. If I am not careful I shall not have any time left.

Mr. Diefenbaker: The minister is going on to other matters. My simple question is this: What justification in law or otherwise does the minister have for departing from the mandatory responsibility placed upon him by the statute?

Mr. Garson: I thought I had attempted during the course of the past few minutes to answer the very question my hon. friend has asked, but if I have not answered it to his satisfaction I shall not make any further effort to do so. As I say, I do not want to deal with the report because I think it speaks for itself, but there are one or two points that have not been brought out which I think deserve to be mentioned.

First of all, there is no allegation in the report of any breach of the act at all after decontrol came into effect. The evidence indicates that the occasion for the investigation being started in the first place was that upon decontrol Mr. McGregor, who is a very diligent and conscientious man in the discharging of his duty, saw that—it was in September, 1947, if I remember correctly—there was a uniform price rise in flour and mill feed put into effect at the same time by all the main milling companies. As I think is quite proper, he formed the hypothesis that this might be some indication of a breach of the act. He went to Mr. Taylor, who was then chairman of the wartime prices and trade board, to find out why these prices had gone up uniformly in this way. This is a rather condensed version, but what he was told was this. Mr. Taylor said that the government, greatly concerned with the large increase in the price of flour, and particularly in the price of mill feed, in the United States, was as anxious as they could be to avoid a similar increase in Canada. Although their legal powers under the wartime prices and trade board had expired with decontrol, Mr. Taylor was instructed to go to Mr. Short, the flour controller, and tell him that the government would look with extreme disfavour on any undue increase in the price of flour and mill feed upon decontrol, and that it was desired that the inevitable increase which would take place at that time should be kept to a minimum.

With that in view Mr. Taylor went to Mr. Short, and Mr. Short was prevailed upon to get his own company, the Lake of the Woods Milling Company, to increase the price of flour and of mill feed by a considerably smaller figure than he was disposed to, very much smaller than some of the other companies were disposed to, and to a very, very much smaller price than then prevailed in the United States. The suggestion was that, although the legal powers to enforce these arrangements had expired, if there were not reasonable co-operation in the matter the government would have to consider taking powers again to achieve that result.

This request was accepted under protest. Mr. Taylor told me that he even had a man call him up from Montreal and say, "What is the matter with you men? You are not satisfied with pushing us around all through the war; when the war is over and all your legal powers have expired you still have that zeal to push us around and threaten us with the renewal of controls you have just taken off." After considerable remonstrance and discussion the millers accepted $4.05 for flour and a price of $10 for mill feed, the desire being that the price of flour should not be held down at the cost of having mill feed rise too high. The reference in Mr. McGregor's letter to my having said that the inquiry should never have been started was based on that episode, and upon the information given to me by Mr. Taylor in the presence of Mr. McGregor and Mr. Gordon in my office. I said that what Mr. Taylor had told me, as he had told Mr. McGregor in September, 1947, seemed to me, in the absence of some other evidence of an improper agreement, a pretty reasonable explanation which would account for the uniform increase in the price of flour and mill feed. If it be taken, as I think it is reasonable that it should be, that this increase in price of September, 1947, was a price increase initiated and directed by the government through Mr. Taylor with a view to holding down the inevitable increase upon decontrol to a reasonable figure, then that was not an agreement at all let alone an improper one. Since that time, according to the report there has not been any evidence whatever of any breach of the act.

So far as the wartime period is concerned, I wonder whether there is a general understanding as to the nature of the arrangements that were made with the milling industry in connection with the operations of the wartime prices and trade board. At the risk of belabouring a point that has already been touched upon, perhaps I might be permitted to attempt to oversimplify it in these terms. When a price ceiling was put on all products there was one notable exception, and that was the price of wheat. The price of wheat was permitted to rise at the same time that the price of flour was under a price ceiling. Of course if you increase the cost of your raw material and do not increase the price of your

finished product, the people engaged in turning out the finished product are bound to be squeezed against the ceiling. The millers' suggestion was a fine one. They said: We have no objection to the price of wheat rising, but let the price of flour go up along with it and we will be perfectly satisfied. Of course, apart from all other considerations, that could not be entertained for the reason that a break in the price of flour would have broken the whole price ceiling.

In order to deal with the situation created by a rising cost for wheat and a fixed ceiling for flour, the government stepped in and said: We will pay a subsidy in respect of the cost of wheat to the milling companies upon the condition, however, that the milling industry must accept a limitation of profit clause in this arrangement under which they will be permitted only their standard profits in the pre-war period which, as it happened, were rather low. As the Minister of Trade and Commerce (Mr. Howe) said this afternoon, the milling companies had a full 100 per cent excess profits tax under that arrangement. They did not even get the 20 per cent rebate as other industries did. The result of all that was, as long as that arrangement was in effect, if the milling companies sold their flour for less money to the consumer, say 50 cents a bag, the 50 cents came right out of the federal treasury.

Mr. Hatfield: No, no.

Mr. Garson: Yes, yes.

Mr. Hatfield: Out of the taxpayers' pockets.

Mr. Garson: That is right. I accept the correction with excellent grace. It is not a bad idea to remember the taxpayers once in a while. It came right out of the taxpayers' pockets. The iniquities charged against the milling companies during this period of control are that they did not sell at prices below the ceiling. If they had done so, every time they had sold below the ceiling price it would have meant an increase in the subsidy they got out of the public treasury or, as my hon. friend says, from the taxpayers. So while there may be accusations that the milling companies charged the ceiling price during that period, and so on, I have never been able to get through my head what purpose there would be behind such alleged irregularities. They could not make a five-cent piece by charging any more for their flour or feed, since the more they charged the less they received in subsidies. If they charged less they would get more subsidies paid by the taxpayers. The milling companies were just a conduit through which benefits flowed or did not flow to the consumer from the treasury or if you like, the taxpayers. The milling companies themselves could not make or lose anything at all under this arrangement made by the wartime prices and trade board.

My hon. friend asks, what about the period before the war. In that respect the report speaks for itself, but I would point out that this is now a matter of some ten years. If you look up the Criminal Code you will see that even a charge of treason against His Majesty is subject to a three-year limitation. In other words if a man has committed treason previous to that three-year period, nothing can be done about it. So I rather think it is going pretty far back to take proceedings in respect of something done ten years ago. That is quite apart from a point which all the lawyers present will appreciate, that the further back you go in a prosecution, the greater becomes the difficulty of securing evidence and proving your case. I think any person who has had any practical experience in prosecutions knows that.

Now, Mr. Speaker, I am afraid I have trespassed greatly upon the time of the house, but I should like to conclude my remarks by saying this. Notwithstanding the eloquent and able arguments that have been put up by members of the opposition I do not admit that the government has been guilty of an error of judgment in this matter. In the light of the facts and the position of the law, which position will remain until we cure it by the amendments now before the house, it seems to me that the course we followed was not by any means a wholly imprudent one. But if as our opponents argue it was an error in judgment it was a judgment which was reached after the most careful and heart-searching consideration, and on a perfectly honest basis.

Mr. Knowles: Will the minister tell the house on what authority the government relied when it made the decision to violate the provisions of section 27(5) of the act?

Mr. Garson: Well, Mr. Speaker, it relied upon the fact that any democratic government is answerable to the people of the country for its acts.

Mr. Knowles: And it kept its action from the people until after the election.

Mr. Garson: I am going to answer my hon. friend's question, if he will give me a chance. It is perfectly clear that if an election were held tomorrow, as there will be an election in due course, we would have to go before the free people of this country and answer for our actions. I have no doubt my hon. friend would get up and anathematize us.

Mr. Knowles: Hear, hear; more than that.

Mr. Garson: And we would have to answer; then the people would decide. As long as that condition exists I do not think we need worry very much.

Mr. Knowles: The violation was made before the last election, but it was kept secret from the people of Canada.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I think it is only fair to the Minister of Justice (Mr. Garson) that I should go a little further than he has gone. He has valiantly undertaken to accept full responsibility for what was done in this matter. I must say that at various times since the hon. gentleman became Minister of Justice he discussed with me the matters he has placed before the house this evening, the difficulties that arose out of the pending judgment of the Ontario court of appeals in the dental supply case, and the fact that if he published this report he would be challenged to institute prosecution at once. He also discussed with me the general terms of the report, and the fact that the matters which appeared to be most serious had occurred before the war period, before the establishment of controls.

I have had some experience in the administration of the Combines Investigation Act. I was connected with one case the Minister of Justice did not cite. That was the case against the coal industry, Rex *v.* Canadian Import Company. I conducted that prosecution for Mr. McGregor, and from my own experience in that case I can testify that I was the one who determined the evidence to be brought before the court, and that there was no attempt by Mr. McGregor or anyone else to direct me in the kind of case I should make before the court.

I was of opinion that unless there was a continuation of the facts which were more than two years old, section 1141 of the code would apply. I think that section is worthy of being quoted:

> No action, suit or information shall be brought or laid for any penalty or forfeiture under any act, except within two years after the cause of action arises or after the offence for which such penalty or forfeiture is imposed is committed, unless the time is otherwise limited by any act or by-law.

The time for prosecution under section 498 of the Criminal Code or under the Combines Investigation Act is not limited. In the case of corporations it is a prosecution for a penalty, because both the Criminal Code and the Combines Investigation Act provide that in the case of a corporation there is nothing but a penalty.

This matter arose and was discussed in the coal cases. There it was proved that the series of facts upon which we relied had commenced more than two years before the prosecution, but had continued right up to the time of the prosecution. The objection was urged, nevertheless, that the prosecutions were outlawed, but that objection was dismissed on the ground stated in the headnote:

> It having been established that there was continuity in the acts charged of combining together with a view to unduly restricting the coal industry by lessening competition and fixing a common price, section 1141 of the Criminal Code does not apply to bar the action in question.

That is the headnote to the judgment of the Quebec court of appeals in the case of Rex *v.* Canadian Import Company and others, reported at 62 Canadian Criminal Cases, page 342. That followed a decision of the Ontario court of appeals in the case of Rex v. Elliott, reported at 9 Canadian Criminal Cases, page 505. Since 1906 it has become article 1141. Lawyers know this provision. It goes back to the time when the united Canada's statute was passed by the parliament of that province. The preamble stated that it was desirable to grant immunity to His Majesty's subjects being brought before the court to face allegations of long-past offences. It was stated that there should be a general limitation, which was enacted at that time and which has been continued. As I say, in 1906 it was article 930 of the Criminal Code but is now article 1141.

> Even if code section 930, which limits certain proceedings to two years after the offence could be held to apply to a prosecution by indictment,—

That is a prosecution of an individual by indictment where the individual was susceptible to punishment by imprisonment. Even if it could be held to apply to that,

> —it did not apply to bar this prosecution for the offence was a continuing one.

The reason for the dismissal of this objection, and which was urged against me in the coal prosecution, was the continuity of the acts establishing the conspiracy. It was my view that the controls during the war period had put an end to what had gone on before, and that prices from that time onwards had been under the control of the flour controller, acting for the wartime prices and trade board. I had this advantage over the Minister of Justice, that I had some knowledge of what had taken place during the period when Canadian industries were under control. It was my opinion that, if the controllers had been satisfied at the time that their directions were being carried out during that period when, for the security of this country and for the security of this parliament we had to have the co-operation of Canadian industries, it would not be proper for us to say that what they had done under the impression that they were serving this Canadian nation in

a patriotic fashion should afterward be made the subject of prosecution before the courts after the war was over.

For that reason, I concurred in this view that we should not attempt to prosecute for things that were more than two years old if we were not prepared to prosecute for what had happened during the period when those industries were under the constant direction of our controllers. Unless there were facts that were subsequent to the existence of the controls, it would not be in the public interest to have the prosecutions instituted. There were a whole series of things which interfered with the ordinary administration of the Combines Investigation Act. I was not convinced that the judgment in the dental supplies case should be pressed as far as Mr. McGregor felt it could be extended. Nevertheless, it was there and it said, in effect, that when dealing with corporations you had to prove not only that the officials of the corporation had those documents in their possession, but that the documents had been authorized by the board of directors or by someone in authority.

We were not in a position to make that proof or to meet the challenge, if the report had been published, that prosecutions be instituted. I felt that the officers and directors of those companies were entitled to the opinion that, during the period of control when they were carrying out the instructions of the controllers, they were acting in a manner that would not get them into trouble. And I now feel it is only fair to the Minister of Justice that I should inform the house that he had discussed these matters with me, and I had concurred in the line of conduct he was adopting. I should bear, therefore, a portion of the responsibility, if there is responsibility, for attempting to carry out the implied or expressed undertaking given to Canadian industry that if they did their best to help us win the war, they were not going to be pilloried afterwards under the Combines Investigation Act.

Mr. Speaker: Shall the motion carry?

Mr. Graydon: On division.

Motion agreed to on division and the house went into committee of supply, Mr. Dion in the chair.

EXTERNAL AFFAIRS

51. Departmental administration, $2,170,510.

Item stands.

Mr. Fournier (Hull): Mr. Chairman, last Friday I announced that we would call the one department. National health and welfare has not yet been called, and since we are having difficulty getting the minister back from New York to attend in the house, this afternoon I spoke to the acting leader of the opposition who said they would not object if we brought in national health and welfare and allowed the item to stand. I hope we can secure the concurrence of the other groups.

Mr. Knowles: Are there any departments not yet opened?

Mr. Fournier (Hull): There are three departments that have not been called, finance, the Prime Minister's office and legislation.

NATIONAL HEALTH AND WELFARE

252. Departmental administration, $806,605.

Item stands.

Mr. Graydon: May I ask the minister if he is in a position to indicate to the house when we may expect the national health and welfare items to be called?

Mr. Fournier (Hull): I could not give a definite answer tonight, but I shall inquire and let my hon. friend know when the minister can be here to deal with the general items. I shall have an answer within twenty-four hours.

Mr. Graydon: Is the Prime Minister in a position to indicate when we will deal with the administration item for external affairs?

Mr. St. Laurent: No, I am not in a position to make a definite statement. The Secretary of State for External Affairs (Mr. Pearson) is trying to arrange the work of the political committee of the United Nations in such a way as to allow him to be here for two or three days to deal with the debate in this house. I believe he hoped that could be arranged for the sixteenth and seventeenth of November, but I have not had confirmation from him. As soon as I receive that I shall inform the house.

Progress reported.

ANIMAL CONTAGIOUS DISEASES ACT

ADDITIONAL COMPENSATION TO OWNERS OF SLAUGHTERED CATTLE

Right Hon. J. G. Gardiner (Minister of Agriculture) moved the second reading of Bill No. 147, to amend the Animal Contagious Diseases Act.

Mr. J. A. Charlton (Brant-Wentworth): It is plain now to all of us, Mr. Speaker, after reading this bill, that the government is not going to pay an increased compensation for all reactors but is simply going to pay beef price for reactors which go to the tank. The other night I said something about statements

that had been made inside and outside the house with regard to the fact that the government was intending to pay an increased compensation for reactors. I should like to quote from page 2737 of *Hansard* of April 29, 1949, where that question was asked by Mr. Daniel of Oxford. I quote the question in order that the answer given by the parliamentary assistant (Mr. McCubbin) will be plain. It is as follows:

I should like to address a question to the parliamentary assistant to the Minister of Agriculture. In view of the statements made by the Minister of Agriculture (Mr. Gardiner), as reported on page 2239 of *Hansard*, concerning increases in the compensation paid farmers who have lost cattle under the area T.B. tests, is the minister's parliamentary assistant prepared to say that these payments will be made this year?

Here is the answer of the parliamentary assistant to the Minister of Agriculture (Mr. McCubbin):

I should like to thank the member for giving me notice of his question. In reply may I say that it might not be possible to reach some of the things we should like to reach before the end of this session, but I can assure the member that it is the intention of the government to increase the compensation paid to T.B. reactors, and also to make it retroactive. If it is not done before the end of this session, it will be one of the first things done by this government after the election.

If it was not the intention of the government to pay increased compensation for all reactors, the impression was most certainly left with delegations coming to Ottawa, with people outside the house, and with members within the house that this was to be done.

For a moment or two, Mr. Speaker, I should like to say something about reactors. In the true sense of the word all cattle that react to the tuberculin tests for T.B. are reactors. In the quotation I just read from *Hansard* it was quite plain that the compensation was to be increased for T.B. reactors. That is the parliamentary assistant's statement. Now the government come along and say that, by the fact that they pay an increased compensation for reactors which go to the tank, they are doing what they said they would do and are fulfilling the promises made to delegations and to people across the country. I think that is a narrow margin on which the government are basing the facts.

As reported at page 2239 of *Hansard* of April 1, 1949, the Minister of Agriculture (Mr. Gardiner) made this statement:

Mr. Gardiner: A final decision has not been made and for that reason I am not able to say exactly what it will be. I am able to state that those who are concerned with the matter have been in to see us and they did not ask for any more than we were considering giving, so I think it likely there will be satisfaction when an announcement is finally made.

I would direct attention to the words "they did not ask for any more than we were considering giving." They may have considered it, but they are certainly not doing it.

As I said on Friday night, the compensation paid back in 1903 was identical with the compensation which is being paid today. Does it sound reasonable to you, Mr. Speaker, or to any other hon. member of this House of Commons, that the compensation to be paid in 1949 should be the same as that which was paid in 1903? In 1918 it was thought advisable to increase the compensation by a considerable amount; and as I stated on Friday, the compensation was increased to $80 for grade cattle and to $250 for purebred cattle. That would mean that, if paid on the two-thirds basis, the farmers at that time would receive $53.33 for grades and $166.66 for purebreds. On September 23 the Minister of Agriculture, as reported at page 223 of *Hansard*, made this statement:

Mr. Chairman, the answer today is the same as it was a year ago. About ten per cent of the cattle that are reactors go into the tank. The increased price of cattle does not hurt the man who is being paid compensation unless there is a large proportion of the animal infected because it is only then that it goes into the tank. If an animal is worth $200 this year and it was worth only $50 ten years ago, the compensation is on the same basis, but the remainder of the animal is sold and the individual gets the return. If his return is based on the $200 price he may get the greater part of the $200 and he gets the compensation as well.

Then here is the particular sentence I wish to stress:

It is not correct to say that because the price had gone up on cattle the compensation ought to go up. The compensation is not the whole thing.

The compensation is not the whole thing, Mr. Speaker, but the compensation is the greater part of the thing for those people who lose cattle in the T.B. test. As I said on Friday night, nobody that I know of—and I have asked various people who should know—has kicked about the amount of money received for reactors that went to the tank. The farmers were satisfied to take their losses on those tankers. What they are kicking about is the amount of money they get for reactors that do not go to the tank; and there are a great many more of those than there are those which are tankers. The delegations asked for an increase in the compensation for all reactors, not just those which went to the tanks.

In that same statement the Minister of Agriculture said that he brought in this bill last year. I think probably he erred slightly there, because I do not remember its coming in last year. I have checked up the records and cannot find any place where it was brought in.

Mr. Gardiner: I agree with my hon. friend. I was mistaken in saying it was brought in last year. It was drafted but not brought in.

Mr. Charlton: I reiterate, Mr. Speaker, that what the people across the country expected, in view of the speeches made previous to the election, was that an increase would be made in the compensation paid for all reactors. I reiterate that statement. After taking a considerable beating in the 1940's, in view of the fact that cattle prices had increased considerably—I will say that they are probably three times what they were in 1903—it is not fair to expect people to accept now the same compensation that they accepted in 1903. I say that especially in view of the fact that the government of the day in 1918 thought it advisable to increase the compensation. If there was reason in 1918 to increase the compensation there is a far greater reason today to increase the compensation for T.B. reactors. I again ask the government and the Minister of Agriculture to reconsider the matter and increase the compensation to the value placed on the animal in the act, and not to take it down to two-thirds of the value. That would simply mean changing the figures in the act. That was what happened in 1922. The government of that day tried to reduce it from $250 to $150. There was such a strong case put up in the House of Commons that the figure was reduced only to $200.

I repeat that if there was just reason in 1918 to increase it, there is certainly a far greater reason to increase the compensation today. I hope the government will see fit to change their opinion and make the value as it is in the act today, namely, the total value, the compensation value without the two-thirds being taken off.

Mr. H. O. White (Middlesex East): Mr. Speaker, I, too, wish to say a word on this matter on second reading. This afternoon the hon. member for Leeds (Mr. Fulford) mentioned national cheese week. If we are to have cheese to export to pay for other products that we wish to import we shall have to give some consideration to the men who produce it. Now is a good time and this is a good place for the government to exhibit that interest in the production of food and wealth which means so much to this country.

On Friday last I mentioned unemployment insurance, and similar things which were designed to tide people over difficult times. We are in perfect accord with unemployment insurance and with the assistance given to veterans. I could also mention the Prairie Farm Assistance Act. When they have difficult times and dried-out years in the west, Ontario farmers and others do not object to nor protest against the payments which are made to farmers in lieu of crops. When expropriation proceedings are taken the parties interested do not expect the arbitration boards to pay as little as they can get away with. They expect the arbitration boards to award a fair price for whatever real estate or property is expropriated. I could also mention the national health program. As far as national health is concerned, I think a lot more could be done to improve the nutritional value of certain foods that may be produced.

For a moment or two I am going to refer to some of the things that were said in days gone by by other people in dealing with this same measure. On April 16, 1918, the Hon. Mr. Crerar then minister of agriculture had this to say as reported at page 801 of *Hansard*:

> I think a word of explanation will suffice for this resolution. At the time this act was originally passed the values upon which compensation was based for the slaughter of condemned animals were fixed by statute, in the case of cattle $60 per head and for pigs and sheep $15 per head, and the compensation allowed when animals were condemned and slaughtered was two-thirds of the value set by statute. Owing to the increased value of these animals at the present time, the compensation allowed when they are ordered to be destroyed does not adequately compensate their owners. The intention of the act when originally drafted, as I understand it, was to encourage the reporting to the proper authorities of animals which might be affected by some contagious disease, so that they could be properly examined, and if found a menace, destroyed. I think it is only proper that now, when the value of these animals has increased, and in some cases doubled, beyond what it was at the time the act was originally passed, the limit upon which compensation can be fixed should be raised, and that is the purpose of the resolution.

Conditions in April, 1918, and today are comparable. All I can say with respect to the action of the government is that it is similar to many other actions taken during the war and after. I could sum it up in five words, "Too little and too late."

On April 20, 1923, the Hon. Mr. Motherwell, also speaking in this house as minister of agriculture, said, as reported at page 2047 of *Hansard*:

> This is the usual resolution which precedes a money bill and while it was discussed incidentally a few weeks ago I think it is well to go into it further at this time. The main feature of the resolution proposes to reduce the indemnity for slaughtered animals, that is purebreds, from $200 for each head to $150. Our reason for doing that is to conform to the general reduction of values in live stock, both commercial and purebred.

The government of that day was quite prone to reduce compensation when the prices of animals were down, but they are very hesitant today about bringing them up when prices are high. As I said on Friday last, the farmers are going to be bitterly disappointed. I hold in my hand a copy of a

presentation which was made to the government earlier this year. I intend to quote two or three paragraphs from it.

Mr. Gardiner: What is the date of it?

On motion of Mr. White (Middlesex East) the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will conclude Bill No. 147, to amend the Animal Contagious Diseases Act. Then we shall take up Bill No. 142, to amend the National Housing Act, 1944; Bill No. 120, respecting the Incorporation of Pure-Bred Live Stock Record Associations; Bill No. 144, to amend the Combines Investigation Act; Bill No. 64, to amend the Royal Canadian Mounted Police Act; Bill No. 133, respecting the Application of a National Trade Mark to Commodities and respecting the True Description of Commodities.

Mr. Fleming: In that order?

Mr. Fournier (Hull): To please my hon. friend, the housing bill will be the second order. After that I would not give a definite undertaking.

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

HOUSE OF COMMONS

Tuesday, November 8, 1949

The house met at three o'clock.

SPEECH FROM THE THRONE

ACKNOWLEDGMENT OF ADDRESS IN REPLY

Mr. Speaker: I have the honour to inform the house that I have received a message from His Excellency the Governor General, signed by his own hand, reading as follows:

Government House, Ottawa
November 8, 1949

Members of the House of Commons:

I have received with great pleasure the address that you have voted in reply to my speech at the opening of parliament. I thank you sincerely for this address.

Alexander of Tunis

COMBINES INVESTIGATION ACT

REFERENCE TO PRESS REPORT OF REMARKS IN DEBATE ON NOVEMBER 7

Hon. Stuart S. Garson (Minister of Justice): I wish to rise on a question of privilege. I should like to refer to the morning editions of the Ottawa *Citizen* and the Montreal *Gazette*, in which newspapers there is attributed to the hon. member for Lake Centre (Mr. Diefenbaker) a statement to the effect that he recalled that he had been told "by Mr. Garson" last year that the government had used the dental case to test the Combines Investigation Act. I did not hear my hon. friend make any such statement, and if he did, it would be an incorrect one.

Mr. Diefenbaker: I have no hesitation in saying that what my hon. friend says is correct. I referred to an answer made in the house by the then Minister of Justice, Mr. Ilsley, at page 2506 of *Hansard* of March 23, 1948. There was no reference to the present Minister of Justice (Mr. Garson).

REPORTS OF COMMITTEES

RAILWAYS, CANALS AND TELEGRAPH LINES—FIRST AND SECOND REPORTS—CONCURRENCE IN FIRST REPORT

Mr. L. O. Breithaupt (Waterloo North) presented the first and second reports of the standing committee on railways, canals and telegraph lines, and moved that the first report be concurred in.

Motion agreed to.

MARINE AND FISHERIES

First report of standing committee on marine and fisheries.—Mr. Ashbourne.

NEW MEMBERS INTRODUCED

Joseph Celestin Nadon, Esquire, member for the electoral district of Gatineau, introduced by Right Hon. L. S. St. Laurent and Hon. Alphonse Fournier.

William Malcolm Mott, Esquire, member for the electoral district of New Westminster, introduced by Right Hon. L. S. St. Laurent and Hon. R. W. Mayhew.

BRITISH NORTH AMERICA ACT

AMENDMENTS TO THE CONSTITUTION—CONSULTATION WITH PROVINCIAL GOVERNMENTS—TABLING OF FURTHER CORRESPONDENCE

Right Hon. L. S. St. Laurent (Prime Minister): I wish to table further correspondence with the premiers of the ten Canadian provinces with respect to the dominion-provincial conference on amendments to the British North America Act. All the provinces agree that the conference shall open at Ottawa on January 10.

As was done in previous instances, I take it to be the desire of hon. members to have this correspondence printed as an appendix to *Hansard*, if Your Honour will give that instruction.

Mr. Speaker: If it is the wish of the house, I shall give instructions accordingly.

(*For text of further correspondence, see appendix, pages 1577-78.*)

BANKRUPTCY ACT

GENERAL REVISION AND CONSOLIDATION—VARIOUS AMENDMENTS

Hon. Stuart S. Garson (Minister of Justice) moved the first reading of Bill No. 149 (from the Senate), respecting bankruptcy.

Motion agreed to and bill read the first time.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 150, for the relief of Chesna Laing Shapiro.—Mr. Winkler.

Bill No. 151, for the relief of Edith Turcotte.—Mr. Winkler.

Bill No. 152, for the relief of Irene Brodwin Miller.—Mr. Winkler.

Bill No. 153, for the relief of Jean Ruth Montgomery Loiselle.—Mr. Winkler.

Bill No. 154, for the relief of Joseph Charles Michel Emery.—Mr. Winkler.

Bill No. 155, for the relief of Lyla Almina Wharry Johnston.—Mr. Weir.

Bill No. 156, for the relief of Marjorie Helen Glass Nixon.—Mr. Winkler.

Bill No. 157, for the relief of Olga Hetmanchuk Dorval.—Mr. Winkler.

Bill No. 158, for the relief of Grace Melina Cotton Crawford.—Mr. Winkler.

Bill No. 159, for the relief of Thomas Gillespie Shields.—Mr. Winkler.

Bill No. 160, for the relief of Czerna Berger Borodow.—Mr. Winkler.

Bill No. 161, for the relief of Freda Tippett Hart.—Mr. Winkler.

Bill No. 162, for the relief of Rebecca Rosa Jacobs Bershadsky.—Mr. Winkler.

Bill No. 163, for the relief of Etta Valerie Sherwin Sperber.—Mr. Winkler.

Bill No. 164, for the relief of Sandy Douglas Carbone.—Mr. Winkler.

Bill No. 165, for the relief of Hellen Isabel Dawson Parlee.—Mr. Winkler.

Bill No. 166, for the relief of Violet Emma Woodhall Brownridge.—Mr. Winkler.

Bill No. 167, for the relief of James Samuel Hatton.—Mr. Weir.

Bill No. 168, for the relief of Anne Denburg Hershcovich.—Mr. Winkler.

Bill No. 169, for the relief of Ruth Baranoff Clark.—Mr. Winkler.

Bill No. 170, for the relief of Viateur Longpre.—Mr. Winkler.

Bill No. 171, for the relief of Evalina May Carter O'Connell.—Mr. Winkler.

Bill No. 172, for the relief of Borys Zaryn. —Mr. Winkler.

Bill No. 173, for the relief of Alice Dorothy Rolison Cransky.—Mr. Winkler.

HOUSING

INCREASED RENTALS—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 31

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I ask leave to move, seconded by the hon. member for Vancouver East (Mr. MacInnis), the adjournment of the house under standing order 31, for the purpose of discussing a definite matter of urgent public importance, namely, the action of the government in allowing a further and drastic increase in domestic rents, the effect of which will further increase the cost of living in this country, aggravate the housing shortage, and seriously impair the health and living standards of our people.

[Mr. Garson.]

Mr. Speaker: A similar motion was moved yesterday, but was not proceeded with because the house had an opportunity of discussing the matter during the day on the motion to go into supply. However, the house decided to discuss another matter. It may be that the house wishes to discuss this matter today.

Some hon. Members: Agreed.

Mr. Speaker: I do not think the motion is strictly in order, since the matter could be discussed in the debate on the budget; but in view of the general public interest in this matter, and because no hon. members object, I shall read the motion to the house:

> Mr. Coldwell asks leave to move, seconded by Mr. MacInnis, the adjournment of the house under standing order 31, for the purpose of discussing a definite matter of urgent public importance, namely, the action of the government in allowing a further and drastic increase in domestic rents, the effect of which will further increase the cost of living in this country, aggravate the housing shortage, and seriously impair the health and living standards of our people.

Has the hon. member the leave of the house to introduce this motion?

Some hon. Members: Agreed.

Mr. Speaker: Before the hon. member begins his remarks, may I say that I would not want the action I have taken today to be considered as a precedent, since it is contrary to other precedents in this house.

Mr. Coldwell: Mr. Speaker, I think the house and the people generally will be glad that you have permitted this motion to be moved today.

There is great concern across the country following the announcement by the Minister of Finance (Mr. Abbott) permitting another—and I emphasize the word "another"—and drastic increase in domestic rents—without, incidentally, any appeal to any body for the purpose of determining whether or not there is justice in that increase. I am glad, too, you did not hold that this question might be discussed in the budget debate, because I would remind hon. members that that debate is partly concluded, and some hon. members who might have liked to discuss this matter would be precluded from doing so because they have exhausted their right to speak.

Of course I readily admit that the policy announced by the Minister of Finance was in line with the general policy of decontrol instituted by the government after the war. We hold the view that the removal of beneficial controls and subsidies following the war has resulted in the cost of living in this country reaching unprecedented heights. The government may say that this was all done before the last general election, and that therefore this policy was approved by the electors of

Canada on June 27 last, when they gave the government the green light to proceed with its policies. But I do not believe the people thought the government would allow drastic increases in domestic rents before something had been done to provide housing accommodation, which would be within the reach of great masses of the Canadian people. If the view is taken, as is sometimes put forward, that the people of Canada supported the policy laid down by the government in these particulars, then all I can say is that many of the people of Canada who are complaining today are getting precisely what they voted for. I am convinced, though, that had many thousands of Canadians realized that within five months of the election further increases of twenty and twenty-five per cent in rents would be announced, the government would not have had the huge following in this house which it has today. Hundreds of thousands of families are paying rents for inadequate accommodation far beyond their means. Overcrowding in every part of Canada, particularly in every large urban centre, is, I think hon. gentlemen will agree with me, the order of the day. Low-income groups are paying rents far beyond their capacity.

No provision in the way of low rental accommodation has been made for hundreds of thousands of families who have no veteran under their roof. Let us not forget that. It was our obligation to make every possible provision for the veterans who served this country in the last war. But there are many thousands of men and women engaged in industry, who stayed in industry in order to serve their country during that great struggle, and for them no provision has been made. It has been estimated by the Community Planning Association of Canada that there are a half million tenant families in Canada who can afford no more, and many indeed much less, than $30 a month for shelter. This I presume is based on the government's own advice, given several years ago to our people, that no more than twenty per cent of the family income should be expended for shelter. Many families in Canada today are compelled to pay from forty to fifty per cent of the family income for shelter.

The shortage of houses is not a new thing in this country. For many years in every part of Canada thousands of families were awaiting housing accommodation, on a rental basis, which they could not get. There were more families than there was housing or shelter accommodation to provide for them. I recall an interesting debate in this house on February 17, 1936, in which the deplorable housing conditions revealed by the 1931 census were discussed. I participated in that debate, which was initiated by the hon. member for Broadview (Mr. Church). I recall that I drew attention to the fact that there were thousands of members of the building trades idle at that time. It was a time, as hon. members will recall, of serious unemployment in this country. The lumbering industry was suffering from serious unemployment and a lack of markets. The manufacturers of building materials and other supplies required in the erection of homes were maintaining idle plants while there were many thousands of Canadians on relief.

In other words, we had the resources; we had the artisans; we had the lumber and the factories to produce all we needed in order to build houses. Nothing was done. Thousands of our young men were idling in relief camps at twenty cents a day. Had we had the policy this country should have had at that time under a Liberal administration, and the year before under a Conservative administration, we could have utilized the materials, resources and human labour forces in such a way as to make some provision for the houses that were lacking in 1931 and the years before.

During those depression years, Mr. Speaker, the governments of the day did nothing effective to promote the building of houses. In other countries, nation-wide projects were undertaken, notably by the newly-elected Labour government of New Zealand; by the government of Sweden; by the government of the United Kingdom, and by the governments of the other civilized countries. If hon. gentlemen will look at the census reports for 1941, particularly volume 9 at page 182, they will find that the census returns show that 18·1 per cent of the housing units were overcrowded, and that 978,227 Canadians were living under overcrowded conditions.

Mr. Gibson (Comox-Alberni): How many were empty at that time?

Mr. Coldwell: I do not know how many were empty. There may have been some empty houses. If there were empty houses in 1941, Mr. Speaker, two years after the war broke out, it underlines the fact that in 1940 and 1941 thousands of persons were unemployed in this country. In the first year of war there were approximately 400,000 persons unemployed and on relief. These deplorable conditions continued until the destruction of war enabled employment to become widespread, improve Canadian farm prices, and pull us out of a depression we had not managed to get out of under a Liberal administration in all the years that went before. I should add that neither the labour nor the materials were available in 1941 and the war years that followed.

Rent Control

The government points, of course, with pride to what has been done since the war ended. A number of new housing units have been built. But let me point this out. Equally important is the kind of house that can be bought or rented by families—whether they are accessible to the wealthy few or the less wealthy many. Judged by this standard, the housing policy of the government since the war has failed. Judged by this standard, the consternation of many people who suffer from inflated rents, and those who view with misgivings the possibility of further wage demands and salary increases, cannot be ignored.

I have already said that overcrowding persists in this country. Let us remember that overcrowding, resulting in large measure from high rents and high prices, will ultimately have a serious effect upon the health of the people generally. With the greater proportion of the family income absorbed in payment for shelter, it will undoubtedly mean a lowering of food standards. When food standards are lowered and supplies of milk for the family have to be reduced, physical deterioration of many families follows.

Let us remember that tens of thousands of houses and apartments built since the war, with the exception of those made available to veterans—and I am glad that lower rental accommodation is available to veterans—are renting today at $50, $60, and $70 or more per month. Indeed, this is not only permitted but encouraged under the government's housing plans. The guarantees offered to private builders have resulted in the building of apartments to rent, in most cases at not less than $70 a month. When rentals as high as this are asked, invariably the landlords say that this figure has been approved by the government of Canada. The dominion bureau of statistics reported that in 1948 thousands of urban families in rented shelters were paying no more than $30 a month; but when we examine the kind of accommodation they had at that rate, we see that they were in overcrowded rooms, overcrowded housekeeping rooms, overcrowded small houses, and that overcrowded conditions prevailed generally among that group of people. For this important group of Canadian families, which, again according to the bureau of statistics, is about one in every four, little housing has been built since the beginning of the great depression in the 1930's.

A large proportion of the Canadian people have been left entirely out of the picture since the war, because the government's policy has not resulted in the building of housing units within their reach. Now, before making any provision for this group, the government announces a drastic increase in rents, twenty per cent for unheated units and twenty-five per cent for heated units. This is a substantial increase, following, as it does, three previous increases of five, ten and four per cent respectively. It should be remembered that those increases, together with the twenty per cent or twenty-five per cent now, will mean an increase of forty per cent or more since the end of world war II.

No doubt some landlords have been receiving rental returns that are inadequate; but had we continued a proper rent control system, these surely could have been adjusted. This cannot, however, justify the government's announcement of the large increases that were announced last week. There can be no excuse for permitting at this time increases as much as twenty and twenty-five per cent all round.

One has only to consult the advertising columns of the newspapers in any city—in Ottawa, if you will—to realize the heights to which lack of accommodation and competition for new-occupancy dwellings have forced rents. In one of the local papers a couple of weeks ago a two-bedroom bungalow was advertised for rent, unfurnished, at $125 a month. A census of overcrowding in the urban centres of Canada would indicate that thousands of families are living under conditions that are intolerable, and for inadequate accommodation, are paying rents that can only be described as extortionate. Yet now the government allows a further increase of twenty-five per cent or twenty per cent, which will only aggravate the intolerable conditions to which I have referred.

This house, Mr. Speaker, must say explicitly to the government that the recent announcement of the Minister of Finance must be reconsidered and that rental controls must remain until the provinces are prepared to step into the field and undertake the protection of the Canadian people, if it should prove to be their obligation to do so. Indeed, until the menace of high rentals has been removed, the government, in its reconsideration of this policy, at least should provide for appeals to rental control boards across the country before rent increases are put into effect, and indicate that they should apply not only with respect to houses that have been under rental control, but also to some of these new occupancy dwellings and apartments as well.

I know that this is a problem which affects the urban members of this house more directly than it affects the rural members, but I appeal to all hon. members to join in this protest. The announcement of the Minister of Finance shows an entire disregard of the welfare of the great masses of the Canadian people, and this should not be

tolerated by the house. I only wish it were possible at this time to move an amendment to test the feeling of the house and that hon. members in all parts of the house would feel free to vote for such an amendment on the merits of the case.

Mr. Donald M. Fleming (Eglinton): Yesterday, Mr. Speaker, a motion was offered to you for the adjournment of the house for the purpose of discussing this subject. At that time your ruling was that the subject could be discussed during the course of the day, on the motion to go into committee of supply, and therefore you did not permit discussion of the subject. I had assumed that had the question arisen today, your ruling would have been that the subject might be discussed on the bill to amend the National Housing Act, which is to be considered at a later stage of today's proceedings.

Mr. Knowles: We could not take a chance on that.

Mr. Fleming: But, Mr. Speaker, you have permitted debate to proceed on this motion, and I should like to contribute some thoughts with reference to this subject of rent control, particularly in the light of the announcement made by the Minister of Finance (Mr. Abbott) in this house on Thursday night last.

It seems to me to be a most anomalous situation that we have two ministers, one of whom, the Minister of Finance, is responsible for administration of all aspects of the housing problem that fall under the subject of rent control, or the controlling powers of the wartime prices and trade board, and another, the Minister of Reconstruction and Supply (Mr. Winters), who is supposed to be responsible for all matters in which the federal authority is interested that fall under the subject matter of housing. The Minister of Reconstruction and Supply is responsible for administration of the National Housing Act. Here we have a dual system, with one minister not in a position to announce policy in a field that falls within the province of the other, and creating confusion in debates in the house, and also in government policy and government administration. It seems to me that in the proceedings of this house yesterday and today, as well as last week, we have had clear evidence that this dual system should not be allowed to continue. It is high time that the government made up its mind to unify its program and policy, if any, with reference to housing. You cannot take out of the field of housing this question of rent control or freezing controls on tenant-occupied accommodation and treat that matter as though it were a problem separate and apart from the problem of the housing needs of the Canadian people.

Rent controls became necessary because of a critical scarcity of housing. A critical scarcity of housing came about partly because of wartime conditions and partly because of deliberate government policy. In this respect I do not dissociate government policy from the conduct of the war, but I say that this scarcity, which has existed for some years now, and still exists in critical proportions, is attributable to government policy, for it became government policy during the war to remove much of the productive capacity of the building and construction industry from its normal pursuits and to devote it to war production. Labour was siphoned off from the construction trades, and the scarcity of housing continued to accumulate. Because we had an abnormal situation it became the duty of the government to step into this field and to take measures to control rents and to impose certain freezing regulations, simply because these measures were necessary to cope with the scarcity, an abnormal situation itself directly attributable to government policy.

What is the background? What are the conditions from which this new statement of government policy made by the Minister of Finance stems? It certainly does not stem from a situation in which the problem of scarcity has been corrected. It does not stem from an abundance of housing in Canada. The conditions out of which, the background against which, this last announcement of government policy has been made are conditions as critical as at any time in the past. Sir, I am not going to repeat what I said on this subject in the house on October 31, but I do remind hon. members, every one of whom has a responsibility in the light of this new statement of government policy, to consider facts such as these: first, that Mr. Mansur, the president of Central Mortgage and Housing Corporation, said last January:

> The number of household groups, including not only families but also individuals who maintain households, exceed the number of front doors by approximately 350,000.

And again, the statement of General Young, vice-president of Central Mortgage and Housing Corporation, made on April 28:

> Canada's housing situation is getting worse instead of better.

And the statement of the Minister of Reconstruction and Supply of recent date:

> New housing, even at the present record rate of production, is barely keeping up with current needs and making no important inroads into the backlog.

That, sir, is the background. That, sir, is the state of affairs out of which the government has enunciated a new policy of permitting increases in controlled rents, extending up to twenty-five per cent across the board.

It needs to be said, and said most emphatically, that this announcement represents a government decision, and a decision by the government alone. Parliament has had no voice whatever in the new order that has been made. Parliament has not been consulted in any way. The Minister of Finance simply came into the house and announced a *fait accompli*. He merely acquainted the house with the fact that the government, by executive decree, had imposed these increases ranging up to twenty-five per cent.

Mr. Abbott: No landlord has to charge them.

Mr. Fleming: Mr. Speaker, we had some enlightening comments from the Prime Minister (Mr. St. Laurent) a few days ago on the subject of naïveté. I think that the Minister of Finance has broken all records for naïveté in the statement he has just made.

Mr. Abbott: That is a matter of opinion.

Mr. Fleming: And, sir, the position in which parliament is left in dealing with a subject of this kind is a most uncomfortable and inconvenient one, because all that parliament can do now is to discuss something that has already been decided. Of course, if it ever came to a question of voting on this, the Minister of Finance would be rising in his place, as he did only yesterday, and saying: Well, there may be something in this argument that has been made from various quarters of the house, but this motion comes from the opposition; therefore it becomes a test of confidence in the government, and therefore I reject the motion or the amendment. Then the government members are called upon to fall in line, because the Minister of Finance says it becomes a test of confidence in the government.

Well, sir, in the form in which this matter comes before the house today we have not even the opportunity of introducing an amendment or a motion. That is most unfortunate, and for that very reason it seems to me more incumbent upon any government supporters in the house, who are not prepared to swallow this government announcement whole, to rise in their places and say so, and not to follow along like driven sheep simply because the Minister of Finance says it is government policy.

Sir, nothing could have been more arbitrary than the way in which this increase has been brought about—no consultation with parliament, no opportunity on the part of parliament to investigate the matter; simply an executive order more far-reaching, I venture to say, in its effect on the homes of Canadians throughout this broad land than anything else that has been done or transacted or said in this parliament throughout the present session.

It is an amazing thing that while parliament is in session the thing which has affected the lives and homes of Canadians more than any other since this session began was something done outside parliament, and parliament is simply notified at quarter to eleven one evening that it has been done. Moreover, it will continue to be possible for the government, simply by such executive decrees, without consulting this parliament, to make sweeping changes that affect Canadian homes by the hundreds of thousands, if we permit the government to enjoy the powers that they possess today under the Transitional Measures Act. This points, as clearly as anything can possibly point, to the inherent error in the way in which parliament has clothed this government with powers in view of the alleged national emergency. I am not going to retrace the whole ground covered in the debate of the first 1949 session, when we of the official opposition pointed the way to the government as to the method which ought to be taken in laying a proper legislative groundwork for rent control. But, of course, the government were not accepting suggestions of that kind. Rather they insisted on arrogating to themselves those wide omnibus powers under the Transitional Measures Act, and then by executive decree making the sweeping orders under the powers conferred by that act.

I wish to place before the new members of the house one or two extracts from significant passages in the debate on that measure. I recall two important remarks made by the leader of the opposition (Mr. Drew) in the debate. First of all I shall quote his statement of March 14, 1949, when at page 1446 of *Hansard* he said:

> The time has come for the government to place before parliament a statute dealing with the housing problem, and to provide in that statute clear and unmistakable terms which can be understood by both landlords and tenants so the confusion which exists today may be brought to an end.

I would have thought that that was a very constructive suggestion, but the government rejected it. They wanted an omnibus bill giving them sweeping powers, and then under that measure to have the power by executive decree to make orders such as the one which was announced by the minister on Thursday night. Sir, can you imagine anything that contributes more to chaos and confusion, as well as to hardship, in Canadian homes today

than this continued uncertainty as to when another executive order is to be made? People are simply at the mercy of executive orders; for these orders are made whether parliament is in session or parliament is not in session. Their elected representatives do not control the situation. Their elected representatives, by reason of the nature of the legislation under which these orders are made, have not had any voice whatever in the making of the decisions embodied in this order.

At page 1448 of *Hansard* of the same date the leader of the opposition said:

> I hope that no one will suggest that any hon. member who opposes the continuance of these wartime powers is opposing rent control or any other provision to meet the situation which has arisen very largely as a result of the activities of the government itself.

We Progressive Conservatives said that the measure embodying this omnibus power was an inherently wrong method, and asked the government to bring in a proper measure to embody the legislative provisions needed with respect to the relationship between landlord and tenant in this emergency situation.

At page 1484 I had some comments to make —and I mention these with diffidence and simply because it fell to my lot to follow my leader in the debate. *Hansard* of March 15, 1949, page 1484, contains my following words:

> It was made quite clear by my leader in his remarks yesterday that an adverse vote on this omnibus resolution by any member of this party—

The Progressive Conservative party.

> —is not to be considered as opposition to rent control, a proper statutory measure of rent control. That has been made abundantly clear by the observations of the leader of the opposition at pages 1446 and 1448 of *Hansard* yesterday, so let there be no misunderstanding of the attitude of the members of this official opposition, of which I think we had a veiled suggestion last evening in the question asked by a member to your right, Mr. Speaker, on the subject of rent control. It has to be a proper measure; it has to be a measure in proper statutory form, not something hidden in an omnibus resolution of this kind.

We followed that up; and when the bill to continue the Transitional Measures Act came before the house for second reading we offered an amendment which is to be found at page 1743 of *Hansard* for 1949.

This was the amendment introduced by the official opposition to the motion for second reading:

> That the said bill be not now read the second time but that the subject matter thereof be referred to the standing committee on banking and commerce with instructions that they have power to recommend a specific measure relating to rent control, and other specific measures relating respectively to other matters provided for in the said bill.

After some discussion, Mr. Speaker ruled the amendment out of order, the house dividing on our appeal from the ruling. The ruling was upheld, and the division is recorded at page 1766 of *Hansard*.

I now turn to some of the features of the statement of the Minister of Finance on Thursday night. He has announced that the government proposes a reference to the Supreme Court of Canada to determine the constitutionality of federal rent control. If doubts have been raised, I suppose it is desirable that this matter be settled in that way. I think it might be asked, however, and with some justification, why that course was not followed earlier; because had there been a decision earlier on that question by the Supreme Court of Canada it certainly would have enabled us to know even at this stage the position with reference to the powers of parliament. Even if a favourable decision had been made as long ago as a year, it is reasonable to expect that the judges of the supreme court would have indicated the formula by which the emergency in this respect is to be tested, under which the dominion would derive its power. However, that aspect of the announcement will probably be generally approved.

I turn now to the specific increases made by executive order, and I ask members of the House of Commons what their position is in the light of these measures. It is not an answer for any member of the house—least of all, members supporting the government—to say: Oh, well; that was done by the government under special power, and did not come directly before the house in any manner which would have permitted action by the house. That would be turning our backs upon our responsibility; it would be an endeavour to escape responsibilities which the house must meet, in the face of this government's decisions.

Apparently parliament is not to be afforded any opportunity to review the evidence upon which the government proceeded to make its order. The government has refused to allow the house to appoint a select committee to review housing conditions in this country, or to consider such evidence as the rent control authorities have, and upon which they based their recommendations to the government now embodied in this cabinet decree.

Has there been any progress in decontrol? The house would like to know. We had a statement from the government on October 3, in reply to some questions asked with a view to eliciting information as to the progress which had been made under previous rent control amending orders. At page 442 of *Hansard* we see that the order of April 14, 1947, concerning landlords who suffered grievous hardship from their inability to recover

possession of their own housing accommodation, permitted recovery of possession in a total of 8,388 cases up to August 31, 1949.

Then, under another rent control order effective November 1, 1948, the wartime prices and trade board permitted landlords who needed housing accommodation for their own personal residence, and who had owned it since November 1, 1947, to give to the tenant six months' notice to vacate. The government reported at page 442 of *Hansard* of the present session that up to August 31, 1948, such notices had been filed to a total of 9,900. I do not know whether that should be the year 1949; I daresay the "1948" is a mistake. The filing of notices does not signify that those landlords recovered possession of their houses.

That is about all the information given to the house on the subject. It is on that inadequate information that the members of the House of Commons will have to accept and swallow the government's decision, or say, as I hope they will say: We are not satisfied with this. As a matter of fact, more information came out in this morning's press than members of the House of Commons have been given in the house—and more than they would have had opportunity to obtain, I am sure, so long as we are to be denied any opportunity to appoint a committee of the house to consider these questions and to adduce firsthand evidence.

A Canadian Press dispatch appearing in this morning's press contains just about all the information available to us on the subject. It states:

> The boost in rental ceilings which comes into effect ten days before Christmas may hit some 4 million Canadians living in rented rooms, flats, apartments and houses, government officials estimated today.
>
> The official based this estimate on a rental survey which showed that approximately 1,500,000 flats, apartments and houses across the country could be the target for the twenty and twenty-five per cent increases in rents.
>
> Other government estimates:
>
> 1. That at least ninety per cent of leased accommodation in the large urban areas is rented on a month-to-month basis. Tenants in this category will be among the first to be hit by the authorized hikes.
>
> 2. Some of this type of accommodation is rented on a weekly and not a monthly basis, and that means that only a week's notice—not a month—need be given by the landlord. If the tenant doesn't pay he can be pushed out the day before Christmas, December 24.
>
> 3. In most cases, however, the rental increases will not go into effect before February 1, 1950. Tenants renting on a monthly basis will have to receive a month's notice as from December 31.
>
> 4. If the government had lifted the controls completely to meet the wishes of Canada's landlords, urban rentals in the big cities would have increased by approximately 100 per cent.
>
> 5. Taking into consideration both rural and urban areas, the new ceilings generally are considered to be about 25 per cent below the level which would prevail if the regulations had been removed completely.
>
> 6. In some areas landlords may not be able to get the tenants to pay the full 20 and 25 per cent hikes. In these areas, such as Kirkland Lake, Ontario, the supply is slightly higher than demand, and it appeared likely that the landlords in these areas "will have to be satisfied with whatever they can get."
>
> The officials emphasized that accommodation constructed since January 1, 1947, does not come under the government's controls, and therefore the increases do not apply. Rentals prices in these cases were beyond the edict of the government's rental administrator. Accommodations in this class are estimated at about 50,000 units. The same thing applies to accommodation vacated on or after November 1, 1948. No estimate was given of the number of units in this category. Tenants with long term leases would not be affected by the rental increases until the leases expire.

That is the end of the statement appearing in the Canadian Press dispatch today and which, as I have said, contains more information than the government has chosen to give the house. I think it leads inescapably to the conclusion that it is high time that the house took this question out of the hands of the government, and put it on a basis where parliament will be making the decisions, where parliament will assert its right to full consultation and to obtain all the information that is available and is required to make a proper decision on the question, and where we will not be compelled simply to accept a *fait accompli* delivered to us by the government.

Representations have been made to the government by responsible bodies such as the Canadian Legion, which put forward a very strong submission, which apparently has been completely ignored by the government in the decision it has made. Organizations which are close to the problem, such as the federation of mayors and municipalities, and other organizations which have made a firsthand study of the matter, have also made representations, but apparently they have received little or no consideration.

There were rumours going around the house last Thursday afternoon that an announcement was to be made that evening in regard to increases in controlled rents. Rumour had it that the increase might be 10 per cent, or in some cases 15 per cent. I venture to say there is not a member of the house, apart from members of the government, who dreamed for a moment that increases would be allowed to the extent of such figures as 20 and 25 per cent. It would be interesting if the supporters of the government were to come forward and offer their views specifically on the percentages of increase which the government has decided

[Mr. Fleming.]

upon. Let us hear from some of the members of the house who support the government, who were very eloquent on this subject during the election campaign, and who said, for instance, that they were going to uphold rent control.

As a matter of fact, there is one hon. member of the house, a colleague of mine from the city of Toronto, who interested himself in this subject to the point where he wanted to give assistance to the government in a reference pending before the Ontario courts regarding the constitutionality of federal rent control. On October 20 he wrote a letter to every hon. member of the house pointing out that the lawsuit was coming up, and that the federal government was to be represented by counsel. He went on to say:

> It has occurred to me that your constituents may be interested in providing counsel for the government with evidence to assist the court at the trial. I have many constituents who wish to present evidence for consideration of counsel representing the government. Because of this, I shall be pleased to work with you or your constituents as to evidence which your constituents may want to present, all with the view to ensuring a full and proper trial of this case now before the courts.

The letter is signed "Charles Henry, member for Toronto-Rosedale".

I should be interested to know the views of the hon. member for Rosedale on these increases. I should be interested to hear the views of Liberal members from the city of Toronto who when at home in their ridings have not been silent on the subject of the difficulties of housing conditions. We will await with interest their contribution to the discussion, and their specific comments on the increases that have been promulgated by the government.

I mentioned that no one expected that the increases would reach the figures announced of 20 and 25 per cent. One would like to know what relationship these percentages bear to uncontrolled rents, or what the increases might be expected to be if rents were decontrolled. That is one of the things that I think a parliamentary committee, if it had the opportunity to go into the question, would like to know.

The minister has talked on previous occasions—and I think this is the expression he has used—of "cushioning the shock of complete decontrol." If the 25 per cent increase represents a cushioning of the shock, then I think that the tenants of Canada will plead with Providence to spare them any more of these government cushions. On what was the percentage based in each case? How did the government arrive at it? It takes one's mind back to the method, described by an hon. member of the house, by which the government arrived at the particular percentage of devaluation of the Canadian dollar. He described it as a case of putting some figures in a hat, and then somebody, presumably the Minister of Finance (Mr. Abbott), put his hand in the hat and drew out a figure.

Mr. Cleaver: That was the Tory policy.

Mr. Fleming: That was the gist of government action in this case.

Mr. Cleaver: It was the announced Tory policy.

Mr. Fleming: If the hon. member for Halton (Mr. Cleaver) knows where the government got the figures of 20 and 25 per cent, I will be happy to sit down and let him tell the house.

Mr. Cleaver: By using the best of good judgment.

Mr. Fleming: Isn't that informative?

Mr. Cleaver: Just as informative as your speech. You have not committed yourself on rent control.

Mr. Fleming: I infer that the hon. member for Halton has given his complete blessing and approval to these percentage increases. He says they represent good judgment. It will remain for other government supporters either to rise and applaud, as has the hon. member for Halton, this government cushioning of the shock by means of these increases, or to say that they have different opinions. It remains for hon. members of the house to say. If they are satisfied with these arbitrary percentages, very well; they may well say so. Certainly their silence, if they do not speak to the contrary, will properly be interpreted in the same way as the words of the hon. member for Halton who has said that these percentages are the result of good judgment. The house, the country at large, and tenants by the hundreds of thousands, are left in a state of continuing uncertainty. It is the tenants particularly who are going to suffer from the uncertainty because they are left in a position where, overnight, the government can announce more increases, and apply more of these measures that they call cushioning the shock.

Now, sir, here are some of the things which I say have not been considered by the government. In the first place the circumstances of the tenants have not been taken into account. There are great numbers of Canadian tenants to whom this measure is not going to be a cushion but a great shock. The government does not seem to be aware of the fact, as members of parliament should be aware from their personal relations with their constituents, that many Canadian tenants are just holding their heads above

water today, with limited incomes and the high cost of living. This is one reason why from now on parliament should take over from the government responsibility in regard to this matter, and make laws to meet the need. Now, with an increase by such a large percentage, it simply means that great numbers of tenants are not going to be able to pay these rents. I am sure I do not need to quote figures in regard to the increase in the cost of living. As of October 1 that figure had reached 162·2, (1935-1939=100) and now the government decrees another substantial increase which will seriously affect those families whose economic affairs are in such delicate balance today. I do not think it was much of a contribution toward easing the fears of such people for the Minister of Finance (Mr. Abbott) to make the announcement he made in Montreal on November 6, where he is quoted in a Canadian Press dispatch as follows:

> He expressed the opinion further wage demands would not be justified—"it must be understood that in recent years wage rates have gone up very much higher than rental costs."

Mr. Abbott: And that is true.

Mr. Fleming: The minister must be aware that already notice has been served by some labour organizations that increases in wages are going to be demanded in the light of these increased rentals.

On the other hand, and I want to emphasize this, the order is simply flat and arbitrary in its application, and does not take account of the fact that today many people who are occupying quite comfortable and in fact luxurious housing accommodation can well afford to pay uncontrolled rents. I have never been able to understand why wealthy people who choose to live in luxurious apartments or to rent luxurious homes must be protected by rent control. I wish to see rent control preserved now for the people who need it in order to keep their heads above water. I do not see any need to retain rent control for the benefit of people in comfortable circumstances.

In the next place this order, because it is flat and arbitrary, does not take account of the great variety of conditions existing across Canada. There is the greatest variety; yet this is an arbitrary order that applies right across the country without regard to geographical variations, or variations as between urban and rural municipalities.

In the next place it does not take account of those tenants who are subletting their properties at handsome profits. There is no provision in the order under which the owners may repossess such accommodation.

In the next place the timing of this announcement has been almost incredibly bad. Here we are with winter coming on and these increases are announced, some of them to take effect before Christmas and others in the middle of the winter. If this was in the mind of the government all along it would have been interesting if they had announced it before the by-elections were held a week or two ago, so the people in those constituencies would have had an opportunity to pass judgment.

In the next place, this order does not take account of any obligation on the part of landlords to repair the premises. There is nothing in this order providing that landlords who increase rents by these large percentages are required to carry out any repairs, which in many cases have been delayed for years.

In the next place the order does not relate itself specifically to the increased costs of the landlords. For instance, on August 22 the minister announced that in the city of Toronto a four per cent increase in rents would be allowed to take care of increased taxes accompanying re-assessment in that city. I should like to know whether in the case of my city the latest increase is in addition to that four per cent, or whether the four per cent is to be swallowed up in the increase of twenty or twenty-five per cent.

In the next place this order makes no attempt at all to deal with the discrimination that still exists in a great number of cases, even in the same locality and the same community. When the deadline was first established in 1941 in connection with rent control, many landlords missed it, and since that time they have not had an adequate opportunity to bring their rents into line with others in close proximity to them. These discriminations are continuing, and are being exaggerated by this flat percentage increase.

In conclusion, sir, in the face of arbitrary actions like these by this government I say it is high time this house stepped into the picture and undertook a review of the situation by a proper committee. We are not going to meet the need by sudden, drastic measures of this kind. In his statement, at page 1434 of *Hansard*, the minister said:

> . . . it is our policy to permit this adjustment to be made gradually rather than abruptly.

Well, Mr. Speaker, if this is a gradual adjustment I think the people of Canada had better learn how long and to what extent they must continue to be at the mercy of these arbitrary decisions on the part of the government. Let this house make it known to the government now that we want an end to the chaos and confusion caused by these sudden government decisions. Let us undertake in parliament now a proper review of this whole situation and write legislative measures with due regard for the needs of all Canadians, which will meet this situation.

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, this might be an appropriate time for me to say a few words on this question of rent control and the reasons which prompt the government to announce the measures of decontrol which I announced in the house last Thursday evening.

With respect to the remarks of my hon. friend the leader of the C.C.F. group (Mr. Coldwell), let me say at once that his position and that of his party is thoroughly consistent. As he said quite frankly, they advocated the continuation of all controls after the end of the war, including rental control. The stand they take today is no different from the stand they have taken right through the piece. The position of the Liberal party has been different. Before the election of 1945 we pledged ourselves to a gradual and orderly decontrol policy. In fact rental control is the last of the major wartime controls remaining. The attitude of the Progressive Conservative party is not nearly so consistent. Pretty steadily throughout the life of the last parliament they advocated the abolition of all controls.

Some hon. Members: No, no.

Mr. Abbott: My hon. friend qualified that, of course, by saying they were not in favour of abolishing rent control.

Mr. Graydon: You are not right on that.

Mr. Abbott: I think my good friend the former member for Stanstead, Mr. John Hackett, was the only member of that party who openly said that he favoured the abolition of all controls. I do not want to impute motives to anyone, but I think there were a good many who were advocating that policy privately; but I repeat that between 1945 and 1949 they were generally advocating the removal of all controls.

Mr. Fleming: The minister has made a statement, which we have denied, and I ask him to point out where the Progressive Conservative party said it advocated the abolition of all controls. The same thing was said by another minister in the last house, and it was denied at that time. We never advocated the abolition of rent control.

Mr. Abbott: Mr. Speaker, as I said, they did not dare to openly advocate the abolition of rent control. They pussyfooted on that as they did on a number of other things, but nevertheless the general policy of the Tory party was to abolish controls. They qualified it because they knew there were so many tenants in the country they would not dare to openly advocate the removal of those controls.

Mr. Graydon: What did you do in the by-elections? You did not dare to advocate it then.

Mr. Abbott: I was making this statement, Mr. Speaker, as a preface to what I have to say about rental controls as such, and about the circumstances which prompted the government to make this further decontrol move. I believe I hardly need say to the house that the government felt this would be an unpopular move. Nevertheless, it is sometimes necessary, even for governments, to do things which may not be universally popular but which may be the proper things to do. The government came to the conclusion that a modification of the rental control regulations, some eight years after they were first adopted, was a step which should be taken.

I have had a good deal of personal experience with the removal of controls of one sort or another, and I found that the more rigid and more successful the controls have been, the more difficult it is to remove them for reasons which I think will be fully understood by all members. These rental controls were part of a general wartime control program. At that time we controlled salaries, wages, prices; we controlled virtually everything which entered into the cost of living. These controls have now disappeared, leaving rental control as the sole survivor of these major wartime controls.

I think with the possible exception of my friends in the C.C.F. party, all members will agree that the federal government cannot and should not continue in the field of rental control. It does not lie within the field of federal jurisdiction under ordinary circumstances. I may say at this point that counsel for the dominion government will contend before the supreme court, on the reference which I announced the other evening, that the federal government has the right to taper off rent controls in a gradual manner; but they will not contend that we have the right to continue them indefinitely.

What is the history of this decontrol program so far as rentals are concerned? The house will recall that in October of last year, after the government had given a good deal of consideration to the constitutional policy of the dominion to continue in this field, I wrote a letter to all provincial premiers in which I stated that the right of the dominion to do so had been challenged in the courts. I offered to abandon rent control in any province if any provincial government desired to take it over, and offered to make the facilities of the rent control administration available as well as to pay the cost for a year.

I am free to confess it did not surprise me that none of the provinces accepted that

offer. Some of the provinces talk a good deal about provincial autonomy, but when it comes to assuming an unpopular responsibility they are not nearly so ready to talk about it. Be that as it may, none of the provinces saw fit to take on that obligation. Mind you, Mr. Speaker, I am not attaching any blame to them for failing so to do; I am merely stating the facts.

The other evening I announced I was writing to the provincial premiers stating that we now intended to refer to the supreme court the question of our right to continue in the rental control field until we taper off the control, and orderly decontrol has been established. I repeat my statement that if any province cares to enter the field and take over the responsibility, the dominion will suspend its rental regulations in that province.

It may well be that the people of some of the provinces would be prepared to see rent control in effect on a permanent or semi-permanent basis. If so, they must seek action from their provincial legislatures. We can do nothing about it and we should not mislead the public into thinking that we can. It was for this reason that I offered a year ago to vacate the field to the provinces, and that is why I repeated the same offer last Thursday night. As I say, no province has as yet come forward with a request that the dominion withdraw its rental controls in that province to permit the provincial legislature to assume that responsibility.

So far as the federal government is concerned, it has consistently followed a policy of orderly decontrol. It has proceeded step by step exempting certain classes of dwellings from controls, authorizing rent increases, and gradually returning to the owners the right to gain possession of their own homes. We could, of course, have decided to abandon rent control entirely on March 31 when the present legislation expires. That policy was considered, and seriously considered. We were strongly urged to do that. I do not think I am betraying cabinet secrets when I say that some of my colleagues thought that might be a desirable course to follow. The government decided, after the most careful and prolonged consideration, that it should proceed to relax controls rather than bring them to an end abruptly.

As I said before, the government recognized that an authorized increase in rental ceilings would be unpopular. We also had ample evidence that an abrupt ending of rental control would create a situation of extreme gravity. I am not going to burden the house with details, but I am sure that many of you are familiar with the rents being charged for houses and apartments that are no longer under control. I have been told that, in many cases and especially in the larger industrial centres, rents have doubled or gone up as much as fifty to seventy-five per cent after the removal of control.

In answer to the question put, I think, by the member for Rosetown-Biggar (Mr. Coldwell) or the member for Eglinton (Mr. Fleming), I am not sure which, I am told by the rentals administration people who have been studying this question throughout the years that it is impossible to tell what would happen if rental controls were suddenly removed. Our information from rentals officers in the field has convinced the government, however, that a most confused and disorderly situation would arise. Such a course of action should therefore be avoided. Consequently, we decided to take another step toward eventual decontrol.

This was a substantial step, and it was intended to be. In spite of the laughter which greeted my remark a moment ago, it does not mean that all rentals will go up by twenty or twenty-five per cent. My own estimation is, we will see whether it is borne out by events, that in a great many cases the increase will not be that much. In centres where the shortage of rental accommodation is most acute, probably the majority of the landlords will take advantage of the maximum ceiling allowed. My estimate is that it will not be an across-the-board increase. This merely gives tenants and landlords the right to bargain within that range. My opinion, which is supported by the rental authorities, is that there will not be a horizontal increase of either twenty or twenty-five per cent.

Be that as it may, I felt and the government felt that if a base could be fixed we could, through those who have been charged by the government with administering this admittedly difficult and onerous control, control the maximum increase to an over-all margin within which landlords and tenants might bargain.

I repeat that this move in the decontrol of rents was part and parcel of our decontrol program announced prior to the election of 1945; and the increases granted were not based on any estimate of the rise in costs or on the needs of the landlords or of the ability of the tenant to pay. Nevertheless, in view of some of the comments that have been made, I want to place before the house with regard to rentals some facts and figures that do not appear to have been sufficiently emphasized.

According to the dominion bureau of statistics, the rent index on September 1 of this year stood at 123·9. That index is based on the period 1935-39; so that, broadly speaking, there has been an increase of about 24 per cent in rents since pre-war years. I

should point out that this index is based not only on houses that are under the ceiling but also on new dwellings which have never been under control and also on dwellings which for one reason or another have been exempted from the ceiling.

Mr. Coldwell: Do the figures include light housekeeping rooms?

Mr. Abbott: I could not answer my hon. friend offhand; but there has been no increase in the rentals of light housekeeping rooms.

I make this point that I have made because it means that, on the average, dwellings which are still under control have risen by even less than the 24 per cent increase shown by the index figure which I have just quoted. Since November, 1941, when the ceiling came into effect, the rent index has been raised by only 12·7 points; that is, from 111·2 to 123·9.

I think it is relevant in the circumstances to look at the figure for prices generally. The cost of living index, which includes rents, of course, has risen by 62·2 per cent since pre-war years as against 24 per cent for rents themselves. It is also relevant, I think, to make a comparison between wages and rents. According to the dominion bureau of statistics, average wage rates in non-agricultural industries and average weekly earnings in manufacturing are both up by over 90 per cent since 1939.

An even more striking comparison is that between November, 1941, when the wartime controls on prices, wages and rents came into effect, and the present time. In November, 1941, the rent index stood at 111·2. Today, as I have said, it stands at 123·9. The percentage increase in rents therefore is, as I said a moment ago, 12·7 points or 11·4 per cent, which I would repeat includes decontrolled as well as controlled dwellings.

What about prices and wages in the same period—that is, the period since rental controls first came into effect in November, 1941? The cost of living index since November, 1941, has risen from 116·3 to 162·2; that is, by 45·9 points or 39 per cent. Average wage rates in 1948, which is the latest data available, are up by 73 per cent since 1941, and average weekly earnings by 63 per cent between November, 1941, and the present time.

There is one other point I should like to clarify. In my statement last Thursday night I said:

> Landlords will be permitted to offer a term certain lease for not less than one year in consideration of a rental increase of not more than 20 per cent in the case of unheated self-contained dwellings and of not more than 25 per cent in the case of heated self-contained dwellings.

These increases will make a total of general over-all increases permitted since November, 1941—a period of eight years—of 30 per cent for unheated accommodation and 40 per cent for heated accommodation. While the present increases of 20 per cent and 25 per cent are in addition to the previous increases of 10 per cent and 15 per cent, the government has never intended to apply the one percentage increase to the other, which would, of course, have resulted in more than an over-all general increase of 30 per cent or 40 per cent. In other words, the increases are not cumulative. The mechanics to be employed by the rentals administration in carrying out this policy are now being worked out and they will appear in the relevant orders.

My hon. friend the leader of the C.C.F. party said that this policy represented an entire disregard of the welfare of the majority of the people. I am aware, of course, that there are a great many more tenants than there are owners in the country. But I have never felt that mere numbers justified the perpetuation of unfairness or injustice, assuming that such unfairness or injustice exists.

In another debate yesterday some reference was made to matters of discrimination. In view of the figures which I have given to the house as to the increase in wages, salaries and other items, as compared with rentals, I ask any member who is honest with himself whether he believes that the owner of a property on which he has had his rent frozen since 1941 until the present day or who has had the moderate increase granted up to the present time, is being treated on a comparable basis with regard to other groups in the community. To me, Mr. Speaker, the answer to that question is self-evident.

When one talks about ignoring the welfare of the majority of the people, if one accepts majority rule in matters of this kind, then of course my hon. friend is right. If one accepts the proposition that in matters of fairness and equity one should be governed by the number of heads that you count, then of course my hon. friend is absolutely right, and my friend the hon. member for Eglinton (Mr. Fleming), with his demagogic appeal, is absolutely right. But if you are talking about questions of fairness as between one group of the community and another, then it is perfectly clear that the existing structure of frozen rentals is unfair to the majority of people who are receiving them. It is in an attempt, first, to proceed with its program of orderly decontrol and, second, in an attempt to be fair to a group of Canadians in the community, that the government is putting forward this policy. It believes that it is a sound policy and it intends to back it up.

Rent Control

Mr. C. E. Johnston (Bow River): I should like to add some thoughts on this subject, Mr. Speaker, before the debate closes. I was greatly interested in the remarks made by the Minister of Finance (Mr. Abbott) on the reasons for their decontrol policy and the method which they have outlined. I was particularly interested in noting what the minister had to say about the Progressive Conservative party and their attitude toward rental control, although I hold no brief for the Progressive Conservative party. The minister said that the Progressive Conservative party should have made their stand known to the public before the general election. At the time he made that statement I was wondering if there was any party in the house which was less considerate of public opinion in this regard than was the Liberal government; for certainly had the public of Canada been acquainted with the so-called decontrol methods of the government, as put forth now, they would have shown their position in no uncertain manner. But they were not permitted that opportunity. It was thought wise by the government—and politically it was probably good judgment—to save this rent policy until after the general election.

My mind goes back to other things which the public should have been informed upon before the general election. Had this rent control policy, along with the flour-milling report, been presented to the people of Canada before the general election, I am sure that the Liberal government would have found that the people of Canada were dissatisfied with some of the operations of this government.

In speaking of the stand that parties have taken with regard to decontrol, let me say that the Social Credit party has always taken the view that we should have controls where necessary, and on no other occasion. But this is not one of the times when controls on rent should be lifted, or indeed lifted to the extent that they have been under the new rent control order.

In regard to this subject the premier of Alberta said the other day that he believed in decontrol in normal times, but these are decidedly not normal times. The minister speaks about having a proper decontrol method, a decontrol method which would be less severe on the majority of people. He said that they have tried in their decontrol policy to cushion the shock. I wonder, Mr. Speaker, whether that is exactly true. Under the decontrol methods used by the government it seems to me that there has been a great deal of dissatisfaction, discontent and hardship. I want to point out instances of this hardship and discontent. Today there are a great many people whose incomes will not warrant an increase in rent. Several organizations throughout the country have estimated that a man cannot pay more than 20 per cent, or one-fifth of his income, in rent. In Calgary not so long ago one large concern, not a provincial industry but a national one, was paying its employees $100 to $115 a month. If a man is receiving $100 to $115 a month how in the world can he stand an increase of twenty to twenty-five per cent? I know of some of these men who were paying $45 a month in rent. If you add an increase of twenty-five per cent on that, and it has to be paid out of an income of $100 or $115 a month, it can readily be seen that there is room for complaint and that there is decided hardship in these cases.

The minister may say, "Oh, a great many of these landlords will not take advantage of this increase." I think that is true. But can you leave such a major problem as this open to the possibility that some landlords will not take advantage of the increase? Probably the landlords who are already charging $140 to $150 a month for rent will not take advantage of it and increase their rates by twenty to twenty-five per cent; but there are a great many landlords who are charging $40 to $45 a month. These landlords who are dealing with people on a very moderate income will take advantage of this decontrol order. They will raise their rents to the people who can least afford it.

It has been stated, and the hon. member for Eglinton (Mr. Fleming) pointed it out a while ago, that about four million people will be affected by this so-called decontrol of rent and over 50,000 housing accommodation units will be affected. There are a great many inequitable cases. Let me give the house some of them. New houses that were built prior to November 1, 1948—it used to be 1947, but this order carries it through to 1948—are entirely free from rent control. Then certain houses are vacated for some reason or other. They are free of rent control. Suppose a tenant decides to move out for some reason or other. That house immediately becomes free of rent control. There is another house of equal value in the same residential part of the city in which the tenant still remains. In one case the rent is frozen and in the other it is free. Show me what justice there is in a situation such as that. There are two houses of equal value in the same part of the city. The owner of one is absolutely free to charge any rent that he can get. I know some men who are charging $150 to $200 a month. The house right next to it is under control. There is just no equality in that. Surely this government could arrange a decontrol policy under

which these unfair and inequitable conditions could be ironed out and a logical and decent decontrol policy put into effect.

There is no question about it, Mr. Speaker, that the action of the government at this time in raising the rents from twenty to twenty-five per cent will greatly affect those people who can least afford to pay any increase. Right off the bat I am going to agree with the minister that there are some instances where landlords need an adjustment in their rents. I pointed that out a few moments ago. But there are many instances where there is unfairness, and where there is no attempt to make a uniform policy in regard to these rents, and consequently a great deal of hardship will be felt throughout the country. How can people on these low incomes survive if their cost of living is going to be jumped twenty to twenty-five per cent on one item alone? It just is not reasonable to expect them to be able to survive. The people are entitled to some reasoning in the decontrolling of rents.

Let me give you one illustration, Mr. Speaker, to show that people cannot afford an increase in rent. Take old age pensioners, for instance. How are old age pensioners going to be able to pay an increase in rent? I do not care how small the increase may be. At this point I may say that it may be necessary for the government to subsidize some landlords, but in regard to the old age pensioners there is no justification for allowing an increase in rent. They just cannot pay it. All of the people on fixed incomes are going to be materially affected, and most of them are going to be unable to make any financial adjustments in this field.

The minister speaks about the government's policy of decontrol. He went so far as to say that it was questionable whether the legal position of the government was sound in continuing rent control. I can only say to you, Mr. Speaker, that the premier of Quebec was right when he said the other day, as reported in the Ottawa *Citizen*:

> Government Action "Remarkable"—Duplessis
>
> Premier Duplessis yesterday described as "remarkable" announcement of the federal government's intention to obtain a supreme court decision on the validity of rent controls.
>
> "Nine years after the federal government passed a law, they want to find out if they had a right to enact it," he said at a press conference.
>
> "It seems remarkable. It reminds me of stories about an ancient Scottish practice of hanging a man and afterward holding a trial to see if he is guilty."

That is just about the position in which the federal government finds itself now. Did they not know that their legal position might not have been any too sound prior to June 27? I think they would have known it then. Why did they not come out frankly and tell the people the intentions they had, the practices they were going to put into force right after the election? They were not much concerned about dealing fairly with the public at that time; in fact, I think it was just about the opposite.

Let me quote briefly from the Ottawa *Journal* of Monday, November 7, under the heading "Mr. Abbott Set With Long Lease But Colleagues Face Rent Hoists", just to show how utterly impossible it is going to be for people to pay the rents they are likely to be asked. It states:

> An official cited the following as an example for a heated self-contained dwelling if all relaxations were transformed into increased rent:
>
> Basic rent, 1947, $100 monthly.
>
> Ten per cent increase allowed April, 1947, making rent $110.
>
> Five per cent increase allowed for heated dwelling, October, 1948, making rent $115.50.
>
> Twenty-five per cent increase allowed September 15, 1949, making rent $144.37.
>
> Mr. Abbott and his officials told the *Journal* it was obvious that if rent controls were eliminated completely a chaotic situation would arise. They have had experience of rents being as much as doubled on houses free of rent controls because they were built since 1947 or had been released because the occupants under rent control had moved away. These experiences indicated that without control rents would skip sky-high in many cases.

That shows how rents can increase. There will be cases where it will be utterly impossible for the people of Canada to meet these conditions.

A moment ago I spoke about the increased cost of living. It has been indicated by the trade unions that they are going to demand increases in wages. The ones to whom I referred a short time ago, who are receiving $100 or $115 a month, are not under the large trade unions, and therefore they will not receive the benefits of trade union activities and protection to get increases in wages.

In the same article from which I quoted a moment ago we find this paragraph:

> Trades and labour congress unions are considering asking for higher wages as a result of the government's rent boost action, TLC President Percy Bengough said today.

There is no question about it that the action the government has taken upon itself to increase rents by 20 and 25 per cent is going to start another surge across the country for increased wages. We cannot blame the trade unions for asking increases in their wage scales when the government makes it absolutely impossible for wage earners to carry on at present wage rates. The government is creating this chaotic state. They are demanding that unions go out on strike in an endeavour to obtain increased wages. The government is creating the condition which is

throwing thousands of people out of employment through the necessity of having to go on strike to obtain increased wages resulting from government action.

This is not the time when rent controls should be increased to the extent of 20 per cent. It is not the time to increase rents—a time when old age pensioners and others on fixed incomes cannot be expected to pay such rents. Surely it is not the time to increase rents by 20 and 25 per cent when the great majority of our working people are earning from $100 to $150 a month.

I could take hon. members to Calgary and show them hundreds upon hundreds of people, married men with families, who are living on $35 a week. They cannot afford these increased rentals. No matter what the minister may say with respect to some landlords who will not take full advantage of the increase, I venture to say that at least 75 per cent of them will take advantage of it to some extent, and raise their rents. Those increases will fall most heavily upon the people who can least afford it.

For that reason and for others which I have given, I am definitely of the opinion that this is not the time for the government so to increase rents.

Mr. W. Ross Thatcher (Moose Jaw): Mr. Speaker, I suppose the most significant thing which has come out of this debate so far is the fact that the Minister of Finance (Mr. Abbott) deemed it advisable to speak before some of his own backbenchers had the opportunity. No doubt a good many members of the Liberal party feel a little bit uncomfortable today—and I do not blame them particularly.

Over the week end I happened to pick up one of the Montreal papers, which indicated that an energetic reporter had been talking with some of the Liberal members from Montreal regarding the recent Abbott announcement. I thought their answers were rather significant.

Mr. MacInnis: Grade 1 or grade 2 members?

Mr. Thatcher: I have before me the Montreal *Standard* of November 5, which quotes the hon. member for St. Ann (Mr. Healy) as follows:

> I am in favour of having rent controls continued. I do not want the controls taken off until housing conditions are improved.

The hon. member for Laval (Mr. Demers) stated:

> My personal opinion is that rent controls must not disappear until there are sufficient dwellings to satisfy the needs of the people.

Then the hon. member for Maisonneuve-Rosemont (Mr. Fournier):

> I am in favour of continuing rent controls as long as there is a shortage of housing.

[Mr. Johnston.]

The hon. member for St. Mary (Mr. Fauteux):

> I believe that the time has not yet arrived to give up rent control.

Next the hon. member for Cartier (Mr. Hartt):

> My attitude is to continue rent control.

And the hon. member for Notre Dame de Grace (Mr. Whitman):

> I believe rent controls are essential until the housing problem becomes solved.

I could quote some of the others.

Mr. Abbott: They are still on.

Mr. Thatcher: Only technically. A majority of the members from Montreal, with the exception of the Minister of Finance himself, seem to be in favour of rent control. I think there is room to argue that the residue of rent controls remaining is not, from a practical view, control at all.

I hope therefore that before the debate is concluded we may hear from some of the Liberal backbenchers. I hope they will not have been frightened by what the minister said today. I would hope, too, that when the Montreal members speak, they will speak as they did to the reporter last week. What is more, I hope after they have spoken in that manner, they will vote as they have talked—and not do as one Liberal member did yesterday, speak one way, and vote the other.

The reaction to these whopping rental increases across Canada can be described only as one of profound shock. In effect many landlords are going to be able to raise their rents from 20 to 25 per cent. The manner in which the minister introduced these rental increases last Thursday night is an affront to the authority of this parliament. As the hon. member for Eglinton (Mr. Fleming) has said, the Minister of Finance presented us with a *fait accompli*. Members were given no opportunity to debate this basic issue. Even some of the Liberal backbenchers were shocked by the announcement. That is, they were shocked if we can believe what we read in the Ottawa *Citizen*, this morning.

I quote:

> Several rank-and-file Liberal members of parliament plan to ask the government to reconsider its announced intention of allowing 20 to 25 per cent boosts in domestic rental ceilings.
>
> A number of members are claiming the announced increases in rental ceilings came "as a complete surprise." They claim they had no idea before the announcement was made the increases would be as substantial as they were.

I do not blame my Liberal friends for being pretty peeved. Has parliament lost its right, Mr. Speaker, to even discuss a basic issue? Have we lost our right to debate

a problem before a decision is announced? I am beginning to wonder if we have been sent down here—and I include Liberal members—simply to rubber-stamp decisions which the cabinet has already made. I hope that is not true, but if it is I want to say that there might be some danger in the future of our becoming as ineffective as the German Reichstag once was under Adolf Hitler. The way in which the cabinet has appeared to run things recently seems to me to be similar to the way the Cominform runs the Czechoslovakian government—by decree.

An hon. Member: Isn't that ridiculous.

Mr. Thatcher: Hon. members will not forget that the minister made his announcement last Thursday evening with only about five minutes left before the house adjourned. We did not even have time to ask questions let alone to debate the issue. Nor will hon. members forget either, that the minister who flouted the authority of parliament Thursday evening is the same minister who, a year and a half ago, introduced taxation by radio to Canada. As I understand these rental changes, they do not become effective until December 15.

Mr. Abbott: High class debate.

Mr. Thatcher: Why should not parliament have had the opportunity to debate the changes before they were actually introduced? Why were rent controls originally introduced? They were brought into being eight or nine years ago to prevent property owners, in face of the acute housing shortage, from taking undue advantage of the situation to charge excessive rents. In other words, they were introduced to help to keep the cost of living down to a reasonable figure. I will say at once that in my opinion rental control helped to do that but if rental control was desirable in 1941 why is it not desirable in 1949? Today the housing situation is infinitely worse than it was eight years ago. We can take the words of the Minister of Reconstruction and Supply (Mr. Winters) as proof of that fact because he said at page 118 of *Hansard*:

> New housing, even at the present record rate of production, is barely keeping up with current needs and making no important inroads into the backlog.

In the past eight or nine years our population has increased substantially, and as a consequence housing is in short supply. Landlords are in a better position today to charge unfair rent than they were in 1941. In my opinion the increases which the minister announced last Thursday night were so sharp that we can well question whether the residue of controls is of any practical value. The new regulations will render millions of Canadians vulnerable to the housing shortage and to the whims of their landlords. In many cases the last rental increases will mean a total increase of as much as 45 per cent since the first unfreezing order two years ago. Many Canadian tenants are going to be caught in the squeeze between higher rentals and the shortage of housing. The Minister of Finance (Mr. Abbott) admitted that much over the week end.

Mr. Sinclair: Will the hon. member permit a question? How does the hon. member calculate the figure of 45 per cent?

Mr. Thatcher: That is the total of the increases which have been made in the past 2 years. If the hon. member will check the regulations he will find I am correct.

Mr. Sinclair: The hon. member obviously did not listen to the minister when he made his statement.

Mr. Thatcher: I obviously did. I think you will find I am correct.

Mr. Cruickshank: Then you did not understand it.

Mr. Thatcher: Oh, yes, I did understand it. The over-all total increase in some cases is as much as 45 per cent.

Mr. Sinclair: Forty per cent.

Mr. Thatcher: At the risk of arguing with a Rhodes scholar, I say almost 45 per cent.

Mr. Cruickshank: No, 40 per cent.

Mr. Knowles: Do you support 40 per cent over there?

Mr. Thatcher: Over the week end the minister had a good many interviews—some of them rather unhappy. According to one reporter, the minister said he was sure that landlords would not take advantage of the full amount of increase allowed, but that they would be "kindly". I am sure some landlords will be reasonable and will not take all they can get, but I am equally sure there are many other landlords who will take every cent they can get, and who will not be kindly. I think the minister's admonition to some of these individuals will be about as effective as pleading with a weasel in a henhouse to be kindly.

Mr. Ferrie: What are you worrying about? Saskatchewan can do it. Saskatchewan can stop it.

Mr. Thatcher: Fortunately Saskatchewan has some stand-by legislation, but that is no fault of my hon. friend from wherever he comes from.

Mr. Cruickshank: Don't get excited.

Rent Control

Mr. Thatcher: In his speech last Thursday night the Minister of Finance made some very pious statements. I have heard a good many of his pious statements in the last few years, but I am beginning to take them with a grain of salt. At page 1433 of *Hansard* he said:

> The government intends to continue with its program of orderly decontrol as rapidly as conditions warrant . . .

Further on he said:

> We believe that gradual and orderly decontrol is the right policy.

Further on again he said:

> . . . it is our policy to permit this adjustment to be made gradually rather than abruptly.

Mr. Cruickshank: Don't you agree with that?

Mr. Thatcher: As he does so often, the minister talked one way and acted another, because as soon as he had said that the government believed in orderly decontrol, he announced drastic rental increases of 20 and 25 per cent. Where is there any consistency in that kind of action? I admit at once that there are cases of individual hardship so far as some landlords are concerned, and I think it is fair and reasonable, if that type of hardship exists, that those landlords should have been given some increase; but why give an increase right across the board regardless of whether or not there is hardship, and regardless of the type of property?

An hon. Member: Rough justice.

Mr. Thatcher: Surely if rental increases were needed at this time, surely if the minister was genuinely sincere in his statement that he wanted orderly decontrol, an increase of perhaps 5 per cent would have sufficed at this time. When rental control was introduced in 1941 the cost of living index stood at 111·7. Today the cost of living index is 162·2, an increase of almost 47 per cent. I say that Canadians are far more vulnerable today to rental increases than they would have been in 1941. Rental increases can only mean one thing. They will almost certainly mean that the cost of living index will reach an all-time high. That in turn will probably mean a new series of wage demands from the various unions which cannot help but have an inflationary effect. Many union leaders have already warned us of that fact. G. Russell Harvey, national organizer of the American Federation of Labor, had this to say on Saturday in Montreal:

> It is going to provide a dislocation of what was otherwise becoming a stabilized wage condition. Now, it has become necessary for labour to demand higher wages to meet the added cost of living forced by the increases in rents.

I believe that the government of Canada once again has sacrificed the obvious well-being of the majority of our citizens to a privileged group, this time the property owners. It is quite true that the minister is getting rid of a political headache, but by prematurely scrapping rental controls the government is indirectly causing extreme hardship, and unnecessarily so, to a great many people of Canada. Trade unions, consumer organizations, veteran groups and many other groups have been protesting. The views of one of the officers of the Canadian Legion are to be found in the Toronto *Star* of November 5 in an article reading as follows:

> Norman Gillespie, chairman of the housing committee of the Quebec command of the Canadian Legion, said the government, in allowing the increases, had broken faith with Canadian fighting men who died to make it possible for landlords to retain their properties. "Instead of families being protected, they are being exploited," he said.

May I say that the C.C.F. group dislikes controls as much as any other party in the house. We dislike controls for the sake of control. If there were adequate housing in Canada, and if there were any other way of keeping rents down, we would be quite happy to see rentals decontrolled; but that is not the case.

Mr. Cruickshank: Is it not true that Saskatchewan or any other province can take over rent control, if it wishes?

Mr. Thatcher: I am coming to that in a moment; I have a major point I want to make, but I thank the hon. member for his question.

Mr. Sinclair: You will never get to it.

Mr. Thatcher: I shall get there in a minute. In the minister's statement there was one significant sentence at page 1433 of *Hansard*:

> The government has therefore decided to refer the question of the validity of the rental regulations to the supreme court . . .

This means that nine years after the law was passed, nine years during which the government has been enforcing it, the minister suddenly decides to go to the courts to see whether or not it is valid. As Shakespeare might have said: There is something rotten in the state—not Denmark this time, but in Canada. Personally I believe this government is trying to get rid of its responsibility for maintaining rental controls in exactly the same way it dealt with the margarine issue. It is going to do everything in its power to have the supreme court throw out all rental controls, as far as the federal government is concerned. The Minister of Trade and Commerce (Mr. Howe) has had the reputation in many parts of Canada of being the extreme right winger

of the Liberal government. Perhaps he is proud of that reputation; I do not know. I want to tell him, however, that after his performance in the last few days, the Minister of Finance (Mr. Abbott) is becoming a first-rate challenger for that very dubious honour.

I say the government betrayed the confidence of the electors of Canada, who supported them so strongly in the last election, in abandoning rent control; and I believe the government is shirking its responsibility in a very cold, very calculating way. Today the ten provincial governments are the last line of defence, one might say, to protect tenants from landlords who may wish to raise rents too high. Let us hope these provincial governments will act with a great deal more courage than has been shown by the Minister of Finance. I am happy to know that in Saskatchewan we have stand-by legislation. I believe ours is the only provincial government having legislation of that kind, and I am reasonably sure that our provincial government will retain rental controls there.

Mr. T. L. Church (Broadview): Mr. Speaker, I want to say a few words on this matter, inasmuch as our city is very much interested in it. I do not intend to criticize what the government has done, or what anyone has done. The hon. member for Rosetown-Biggar (Mr. Coldwell), who moved the motion, referred to something I had forgotten about, a motion in connection with a national housing and reconstruction policy which I moved on February 17, 1936. The subheading reads:

> Proposed measures in respect of housing, land settlement, reforestation; youth in education, industry and employment.

The motion was in these words:

> That, in the opinion of this house, Canada should immediately adopt a comprehensive national housing, building, reconstruction, renovation, slum clearance, land settlement and reforestation policy adapted to its circumstances. . . .

In that connection I suggested that a committee should be appointed. This motion was moved in 1936, when conditions throughout the world were bad. People were out of work; large numbers of our youths were riding the rods; thousands of my constituents were on relief; skilled workers, carpenters, bricklayers, lathers, plasterers, men who had never known what it was to be without employment, were walking the streets. In the riding I represented at that time sixty-five per cent of the people owned their own homes, but because of the intolerable conditions which obtained many lost their properties. As I said at that time, the wealth of this country does not consist only of the natural resources of the sea, of the soil, of the forest, of the mine or of the lakes; it does not consist only of the grain in our great elevators or the shipping in our harbours. There is a more glorious treasure than that. It is the character of our people. This character, through unemployment and the lack of housing, has been gradually destroyed. The care of our young citizens is our most important duty. Several billion dollars have been spent on the construction of railways but only a few million have been spent on housing. Our school boards are doing the best they can, but they are having a hard time of it.

As I said, at that time we were in difficulty because of world conditions. Now we must realize that the housing question is very closely associated with public health. Unless you have proper housing you cannot have a healthy rising generation. What did they do over in the mother country, which has been criticized so much in late years? They led the whole civilized world at that time. Our former sovereign, King Edward VIII, was one of the pioneers in this connection. He visited the slums of London and Wales, and travelled all over Britain. In 1937 he awakened the whole country to the necessity of correcting the slum problem. What was the result of his campaign? Two million new homes were constructed under the auspices of various public and private bodies.

We have to look at the cause and effect of this whole problem. Canada was once a nation of property owners. Practically every man owned a property of some sort, but that is not the situation today. I have no doubt that our own city does more to provide for our city suburbs sewers, water service, roads, health services, cheap light and power and efficient transportation than any other city in Canada. As I say, in the old days practically everyone owned some property; a small farm, a market garden, a grocery store, a mill or something of the kind. We were all property owners, some small, some moderate, and some large; but this condition gradually changed. What caused that change? Canadians owned real estate; and that individual ownership, on the comparatively extensive scale on which it then existed, was the basis of Canada's national life. But the politics of big business has practically destroyed pastoral Canada, and it is the duty of parliament, the duty of members of all parties, to take this into consideration. We must dedicate our efforts to a solution to this problem of housing, and one of the most effective means of bringing that about is to restore the condition that existed when most people owned a little property, as in the days of Sir John A. Macdonald, Sir Wilfrid Laurier, and Whitney in Ontario.

Then Canada was indeed the land of the free; Canada was the home of artisans and farmers; Canada was a democratic country.

In nothing is the determined spirit of the mother country more evident than in her program of construction of new homes. People who have been in England in the past two or three years have returned to Canada enraptured with what they saw over there in the construction of new houses; the spirit of the mother country has been particularly evident in what she has done in that direction. Large apartment houses are going up all over the countryside. Houses have been built by government subsidy, and England has shown her determination properly to house as large a proportion as possible of the poorer classes of the population. One man remarked to me that low-cost housing there had ceased to be a political issue, and I submit that the same should be true in this country. Low-cost housing is a permanent government policy in England; long may it continue. And it should be here as well. There is great need for construction of houses, not only urban but suburban and rural as well, the last mentioned being the most needed of all. Let me quote something I came across in the reading room the other day. This newspaper item is typical of many; it refers to Windsor:

> Today is moving day in the historic and picturesque village of Coinbrook, on the Bath road, near Slough.

That is something that was done in England in the olden days.

Now, I shall conclude what I have to say in a few moments because there are several other members who wish to speak. So far as I can see, this country needs a housing program now.

As I say, this question has been related to public health. In last Sunday's Montreal *Standard*, I noticed that the fourteen members from the Montreal district stated a policy for Montreal island. If hon. members were consulted, I believe they would say the same thing, that is that a control system with some variations should be continued until the supply of houses is sufficient. Small prefabricated houses should be built. I remember that Mr. Churchill was responsible for the building of about 500,000 of those prefabricated houses in England during 1945 or 1946. The materials were secured in Canada. What have we been doing in this country? We have been doing very little.

I believe that the notice given by the government is too short. Nearly four million tenants will be affected by the new regulations which have been announced. I do not think the policy of the government commends itself to the country. There is no use in the government kicking the football over here because, as astute politicians, we would kick it right back to them. The government of the day is responsible for a proper housing policy, a proper reconstruction policy and a proper slum clearance policy. It is not for the opposition to do that. The opposition does not seek any political advantage from it.

As has been said in this debate, we gave the government fair warning of what would happen in 1936 or nearly 14 years ago. The policy of the government now is to pass the matter over and to criticize the provinces. If it had not been for the fine autumn weather, which was a blessing to the people of this country, people would have suffered severely from the lack of housing. It was very fortunate that all fall we had fair weather and it looks like the hand of Providence. I believe the first duty of a government is to look after the health, wealth, peace, happiness, prosperity and housing of its people. It should be a national program. One of the mistakes we made at confederation was that some of these matters were not transferred to federal jurisdiction. I believe that housing is really a national problem today.

In connection with my own city, I believe that nothing has contributed to the lack of housing as much as the lack within the city of cheap land. There is no cheap land in the city. I can tell you that land is now about $65 per foot, what little there is left of it in the city. The member for Danforth (Mr. Harris) may remember the time we built a civic carline on the Danforth from Broadview avenue to the east end. It was necessary to acquire from the north side from the township of York all the land for about two hundred and twenty feet on the north side of the street in order to widen the street. It cost little or no money to build that carline. Another streetcar line was the one on Gerrard street. The land was secured for $6 per foot, and that was true even down in the Greenwood riding. Six tickets for ten cents was the rate in those days.

The working people were encouraged by that car service, by the cheap tickets, by the cheap light and by the municipal services. Those services were extended away out into the county, into York township. Suppose this chamber were the city proper. There is the lake and the bay to the south. We extended these services to the east of the city proper, out into the county of York and away to the north beyond the city limits. All the people in this locality were given the same privileges, cheap light, sewers, water, and police protection. There were lots of good roads. I remember when we could not get milk into our city. We had to establish the first good roads in Canada,

which extended for a radius of fifteen miles from the city. So, I say the government should not be so quick in turning this back to the provinces.

I do not believe the notice is any good; it is too short. The provinces should have been consulted before any move was made. I believe the members from the city of Toronto are of the same opinion as the Montreal members. Until such time as the supply of houses is sufficient, new regulations for rent control should not be passed. I may say that if the city of Toronto had a suburban service like Montreal, it could solve its own housing problem. There is no land in the city except at $65 per foot. Then there is the matter of these people being turned out of their houses. There are about four million tenants who are in fear of this in Canada.

What is more necessary than a house? If a person has not a home, he has not anything. The lack of a home interferes with family life and causes many other evils such as delinquency. Just look at the front page of the Ottawa *Citizen* today. According to it, four million tenants are to be evicted before Christmas. One of the Ottawa judges blames the lack of housing for crime in this city. I believe that something should be done to construct, as early as possible, half a million of these prefabricated small houses such as those that were constructed at Three Rivers, Oshawa and many other places.

Without a steam suburban service I believe that we can make little headway even if the program of the Central Mortgage and Housing Corporation is adopted. Certainly with no cheap land in the city, and without a steam suburban service, there is no chance of our solving the housing program out in the county of York, and we need not look for any scheme to do it. Without transportation and the civic services, the new housing plans will not be worth anything.

In conclusion I want to say this. Many people have been burned to death in the ramshackle buildings that are being used. I have seen houses, occupied by soldiers who served in the second war, in which the windows had to be shut because of smoke; some of these houses are not fit for human habitation, in my opinion. A couple of people were burned in a fire on Church street. I notice that in a fire in the maritimes, five were burned last week end. Fires occur in these old condemned buildings which are not fit for human habitation, and many people have been burned.

As I say, I believe we should have some proper system. This housing problem follows every great war. The Addington administration had it; the two Pitts had it. The question of control and decontrol is one which should not be so suddenly turned over to the provinces. The number of eviction orders which the senior county court judge of the county of York has had runs into the thousands. I believe that something should be done along the lines I suggest.

As to the new way of doing this business, turning it over so suddenly, and passing a new order in council, is all wrong. I believe we should continue some controls. No doubt some soldiers should be allowed to get into their own homes. I believe there should be some variation in order to enable them to do that. People who fought for their country should have some relief accordingly. But I say that the time is too short for the government to take this action at the start of this winter, that the order is too hasty and that it is going to lead to untold hardships during the coming winter. I have in my hand a picture which shows 47 people in Montreal living on top of an old fire station, a place which is unfit for human habitation.

(*Translation*):

Mr. Henri Courtemanche (Labelle): Mr. Chairman, the housing problem is surely one of the major issues stirring up public opinion at the present time. The housing shortage is all the more surprising in that it affects a country that prides itself, and rightly so, on its high industrial potential. There is a shortage throughout the country as a whole but for a long time it has been growing steadily worse in the larger cities. For a long time the situation has reached the critical stage and threatens to lead to consequences whose effects can hardly be foreseen or even exaggerated. This over-all breakdown of the housing industry seems the more irritating in that it affects a country that is privileged in the matter of space and raw materials, such as iron, lumber, etc., in a country where manpower, both plentiful and skilled, is already haunted in certain districts by the spectre of unemployment. Indeed, in some Canadian cities, the housing shortage is almost as acute as in some European countries, where density of population reaches 7,500 people per square mile, as in Belgium, or as in countries devastated by two world wars, in 1914 and in 1939.

Travellers returning from Europe all marvel at the way in which countries so badly damaged by bombing during the last war have managed to rebuild, under particularly difficult circumstances. It may be said, due allowances being made, that the housing situation in Belgium and in Europe is better than here in Canada. Great Britain, France and other countries stand as shining examples that should inspire our own government's policy in this connection.

It is not difficult to understand the reasons for those countries' desperate attempts to solve their housing problem. Housing is among the first concerns of any civilization. It may be said that material civilization consists in properly solving the threefold problem of food, clothing and shelter!

Is it not heart-breaking that our workers are still anxiously wondering where they will find a dwelling, and pay the rent at the end of each month?

I suggest that the matter has not been carefully considered by this government and was settled in a hasty, easy and haphazard way. No constructive, practical and final solution to this knotty problem was evolved by those who had undertaken to consider it. Did peace dry up the source of the energy we displayed throughout the war? How can such a great gap in the domestic economy of our national policy be explained and justified? Are war conditions the indispensable incentives to the vast building projects of which we gave so many examples for the benefit of our allies in Europe during the six years of the last war?

Yet this housing situation has been a feature of our policy many years before the war. This government itself has seen the premonitory signs of the ill we are now deploring. Has it taken any action with a view to preventing the threatening housing shortage? With the coming of war the government has enacted protective measures for the benefit of tenants, who form an overwhelming majority of the population. All citizens have welcomed such a manifestation of elementary prudence on its part during the war years. However, everyone was expecting a solution to this emergency; none has been forthcoming, and we are still awaiting one. The visionless, listless and neglectful policy of the government is responsible for that. To govern is to foresee. The government should have foreseen this emergency and devised means to meet it. It has seen the people accept with heroic patience rationing, as well as the restrictive and repressive measures of the sad period of the European tragedy. It has taken for granted that the patience of the victims of that period of sacrifices would last forever; it has relied on that to postpone the solving of the serious problem which is involved in providing housing for the middle and the working classes in Canada. The war is over. Victory is still floating in the folds of the future Canadian flag. Apparently we are in a period of full prosperity. How can we believe those Liberal prophets when hundreds of Canadian family heads are wondering if they will have tomorrow a lodging for their wives and children? Nothing can justify this uninterrupted standstill in the building industry. The sons of the most humble families are apprehensive; their eyes are troubled by the vision of furniture on the sidewalks. Yet they have contributed in no small measure to the victory of our armies. Many are proud to wear military medals which bear testimony to their gallantry. Still they are not sure that tomorrow they shall still have a home, a place to rest after their daily toil.

What miracle, what prodigy is the government awaiting before setting itself into action to find an efficient solution, an adequate remedy to the present crisis which has already lasted too long and worsens daily? The country was prosperous in wartime. The government did not hesitate to spend billions in order to build destructive weapons for our European allies. We rejoice that the sacrifices made by the Canadian people have brought timely relief to those unjustly oppressed populations who, alas, foresee once more the bloody spectre of a new, perhaps remote but more murderous adventure. But we are now living in time of peace. Our natural resources are still there, awaiting peaceful mobilization in favour of our closest allies, the Canadian population. Productively, our manpower is still strong. It is time to capitalize on the financial possibilities of a huge country whose government should be concerned chiefly with the housing of all its citizens.

Far from introducing encouraging and beneficial measures, the Minister of Finance has just taken the tenants by surprise in announcing very drastically a disappointing and substantial raise of 20 and 25 per cent in the present rental rates. The government have always been praised for their insinuating policy, for proceeding by stages before enacting. The undercover processes resorted to during the war had only confirmed this subtle and disturbing diplomacy. The sudden announcement by the Minister of Finance has left all our population worried, especially the tenants, who are nonplussed and distressed before a fact brought to them in such a sudden and disappointing manner. Why was that important announcement not made before the election or during the electoral campaign? Was it for fear of disastrous results at the polls?

Were landlords right in hoping, prior to the elections, that a few months after June 27 they would be able to obtain a generous increase in rents? It would surely be interesting to know the answers to all these questions. At any rate, the time has come to take heed of the legitimate requests of tenants. The government should avail itself of all the means at its disposal to end that lamentable and ridiculous situation in a country where there is no reason for such an internal calamity. It is praiseworthy to help the various nations of the world in times of emergency, but in peacetime it is the duty of the government to achieve prosperity for its citizens. A country cannot be prosperous as long as its workers are threatened with being thrown out in the street on the very eve of a hard winter. An increase such as the one which the Minister of Finance has just inflicted on tenants will not solve the problem. I therefore urge, on behalf not only of my constituency but of the low-income group, that is to say of tenants all over the country, immediate settlement of this intolerable condition.

Every conflict has found us ready to struggle, to co-operate, even at the cost of billions of dollars. Let the government now show the same concern, the same spirit of self-sacrifice—I ought to say a keener sense of justice and a greater interest in social security—so that our country may break this humiliating deadlock brought about by its internal policy.

Policies such as the Quebec farm loan should make the government aware of the goodwill and solvency of our country's little people; they appreciate the confidence and benefits bestowed upon them by public authorities.

No one can be unaware of the seriousness of the situation in which hundreds of thousands of householders find themselves. Their modest budgets will not allow them, no matter how hard they try, to meet the landlord's new demands. That capitalism will again lose a few feathers, soon to be picked up by the evil-boding bird of communism, is easily foreseen.

The government's decision to refer the rentals control act to the supreme court is not likely to allay a natural concern. This action can do nothing to help the tenant pay his rent. This astute legal device will only add to the irritation of the victims of the coming increase.

Who is it that has been legislating in this field for nine years? Who is it that has brought us to our present difficulties? Who is it that has steered the ship of Canada for nine years, heedless of the recriminations and protests of all and sundry? It is this government. They have no right to throw the helve after the hatchet in this matter of housing and to shift their responsibilities upon others. It is up to the present government to continue its task, as long as this acute shortage prevails, of bridging this gap for which it is responsible. It must find the means whereby a quick and satisfactory solution will be brought to the problem of exorbitant rentals and shortage of housing in this country! The present government has just taken an anti-social and anti-family stand which has created grave unrest among the working classes.

If the present administration uses its accidental and absolute majority to impose dilatory and vexatious measures, it will only succeed in further upsetting the lack of balance of our economic machinery. It is not normal that the government should hesitate in these days of peace and prosperity —a prosperity which has been extolled from every meeting hall—to treat with fairness the people of this country who, for too long now, have been worried and uncertain about the future.

The people do not want any special privilege but only claim for themselves an unequivocal and vital right, from the governments which are entrusted with their economic well-being. If every family cannot be suitably housed at a decent price whom shall the present administration convince that prosperity has been brought to this country by five years of peace after victory?

(*Text*):

Mr. Leon Balcer (Three Rivers): Mr. Speaker, I wish to place myself on record as protesting, in the name of the population in my riding, against the new rental increases as announced by the Minister of Finance (Mr. Abbott) last Thursday. It is a measure which will bring hardship to the majority of Canadians, and which has taken everyone by surprise. To date we have yet to be given some reason for the move. Nowhere have we seen proof that such a tremendous increase was necessary.

On the contrary, rentals have always been one of the major factors in the high cost of living. That is why it is so regrettable that the government has permitted an increase which will heavily load the budgets of the majority of Canadian families. Even before these latest increases many families have had to cut into their food budgets to pay

their rent. The situation would be different if they could move to other homes offering rentals in accordance with their means. However at this time, five years after the war, the housing situation is so far from being solved that such a means must be disregarded completely.

I believe the government has shown a complete disregard for the welfare of the ordinary Canadian citizen. Everywhere since last Thursday, from all across Canada, and especially from Quebec and the island of Montreal, these new increases have brought discouraged protests from our people. In my own riding more than 75 per cent of the population is going to be hit by this Christmas present from the Liberal government.

Before taking my seat I should like to ask the minister for the last time to reconsider his decision. Our population really deserves better treatment.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

PRAIRIE TRANSMISSION LINES LIMITED

The house resumed, from Tuesday, November 1, consideration of the motion of Mr. Benidickson for the second reading of Bill No. 119, to incorporate Prairie Transmission Lines Limited.

Mr. T. L. Church (Broadview): Mr. Speaker, the other evening I addressed the house for a few minutes on the principle of the measure now under consideration and that involved in Bill No. 66, to incorporate the Alberta Natural Gas Company. Tonight we are dealing with Bill No. 119, to incorporate Prairie Transmission Lines Limited. I want to apologize to the hon. member, who is the sponsor of the bill now under discussion, for not having a copy of it at the time. As I see it, the principle of this bill, and that of the bill to incorporate the Alberta Natural Gas Company, are the same. Shall we part with any more of our natural resources? I have always taken the position that it is almost impossible to part with any more of the natural wealth of Canada in the way we have been doing.

We had an illustration the other day in connection with forests. Hon. members on both sides of the house rose and wanted to preserve our forest resources and timber wealth, and all the other things that flow therefrom, for the people of Canada. We have the same situation as to pipe lines and the Pipe Lines Act. Will it develop Canada? That should be the first consideration. Is it right, just and proper that we should develop our natural resources for the benefit of other countries? As I said the other day, we had a similar situation with regard to power in the Niagara river. In 1905 the power resources of the Niagara river were under private ownership. Yesterday a return was made in the house—at the moment I have not a copy of it—which referred to the millions of kilowatt hours that were given away by private ownership to the people of the United States. I admit that we owe a great deal to the United States for their kindness and help in both world wars, but nevertheless they are our competitors in an economic way, in a financial way, in a military way. We are even following their social security program to a great extent. We have given first consideration to what is for the benefit of that great nation to the south of us which is more or less our friendly competitor for the wealth of Canada.

You have recently had to consider the question of power in the Niagara river. At the time Sir James Whitney became premier of Ontario, private ownership was giving away pretty nearly all the power in the Niagara river, but when Sir James Whitney came into office in 1905 he cancelled the remaining issues of power which were granted under the Ross-Hardy Liberal government. What did he then do? He instituted what is commonly known as the hydroelectric development, which was a blessing to the people of Canada. Yesterday a return was made in the house—again, I am sorry that I have not a copy at the moment, but I hope to get one shortly—showing the large number of kilowatt hours of power which have been exported from Canada. In Ontario it is a very large amount, and in Quebec it is about the same. I think Ontario has exported more than Quebec to develop industry across the border. The return also referred to the other provinces, and showed that a lesser amount of direct current is generated.

Are we going to continue this policy? I cannot refer to the various clauses of the present bill because it is a composite one. This measure and the bill to incorporate the Alberta Natural Gas Company are the same in principle although the directors are different. This bill was considered in another place the other day, and you will notice that there was a four-line discussion there. That was all that was said on second and third readings. Is that fair? Is that the way to confer a franchise? I hope the house will notice what is being created by this particular bill. You are creating a franchise and giving away the physical assets and natural resources

of Canada. To whom? To private ownership.

My contention is that these great natural resources should belong to the people of Canada so that they may be used for the development of Canada and not for the development of our competitor. While the United States is a friendly nation, and we owe a lot to them, nevertheless they are our friendly competitors. If I had the time I could show the direct saving that has been made in the power of the Niagara river. I should like to quote three or four paragraphs from a speech I made on June 15, 1925, on the export of power. Today the export of power is nearly ten times as great as it was then. The excerpt reads:

1. Every dollar of the $160 million hydro investment is earning interest and sinking fund.

2. Hydro investment saved Ontario from a coal famine that would have bankrupted the province in wartime.

That was in 1917.

3. Hydro investment saved 2,200,000 shareholders over $75 million in reduced coal, light and power bills.

4. Hydro investment saved Ontario over $100 million on coal prices, which would have gone to $30 per ton in wartime but for the hydro investment that gave Ontario the equivalent of 3,000,000 tons of United States coal per annum.

That is a short story of the development of power on the Niagara river and that value has increased by about ten times today. Now, are we going to give away this franchise? If this bill is sent to a committee I doubt if it will be given any study at all. We had an example of that in connection with another bill two years ago, concerning the Bell Telephone Company; and we saw what happened in that case. That bill was initiated in the other place, which is well named. They seem to consider these bills in a different way over there.

We represent the people of this country, and we have no right to confer a franchise like this. Look at the bill; what does it contain? I cannot refer to the various sections on second reading, but there seems to be a different principle in almost each section. You will see that one section confers power to construct and operate pipe lines for the transmission of gas, oil or any liquid product or by-product. The company is also given power to hold lands. Under various sections of the bill the company is given very wide powers. Then they take out various sections of the Companies Act; in other words, this franchise is conferred upon this private company without the protection afforded by some sections of the Companies Act. Other sections of that act are specifically mentioned; sections 12(7) 39, 40, 59, 62, 63, 64, 65 and 91 of part I of the Companies Act, 1934, are to apply to the company provided that wherever in subsection 7 of section 12 and in section 59 the words "letters patent" or "supplementary letters patent" appear, the words "special act" shall be substituted therefor. So this special act, considered by the Senate, exempts this company from the provisions of certain sections of that general act.

This company is asking a franchise to do what? Well, about the only things that are not covered by the bill are the heavens above, the earth below and the waters beneath the earth. How we can consider a thing like this? Then I call attention to another feature. We are asked to give this company certain privileges and rights which in my opinion should never be given to any company. No one knows just what is involved. This all follows the adoption of the Pipe Lines Act, which as I said the other evening I think should be called the pipe dream act; I believe that would be a far better title for it. Under that act they can give away anything they like, and now we are asked to confer a franchise upon this company for all time. One of the provisions with respect to the development of power in Ontario was that the people had to vote on all these matters. That protects them when a franchise is sought in the province of Ontario. We have a clause in the municipal act providing that no municipality may give away a franchise without the consent of the ratepayers, and that is good legislation. Many of the younger men in the house came up from the municipalities, the villages, towns and cities. I saw the other day that our honoured and respected Clerk was given a reception and thanked for what he had done for his town in Quebec, and rightly so. I was pleased to see the tribute he was paid in the town from which he comes. Protection such as I have mentioned is a wise step; without the consent of the ratepayers no franchise for the use of the public streets may be granted.

What are these people going to do under this special act? Are they going to rip up the streets? They can do anything they wish. They can transmit anything they like across the border, to help build up the economy of the United States. Our two countries are supposed to be friendly competitors in trade. Eaton's and Simpson's are friendly rivals for trade, but they are also good businessmen. So are these people in the United States who are our competitors. If this is the way business is done in the other place, I think some changes should be made. In connection with the bill to which I was referring the other evening, I had the report of proceedings in the Senate. The bill was introduced, sent to committee, reported back and put through, and the whole procedure only took up three or four lines in *Hansard*. If that is the way they confer franchises I am surprised at the

high court of parliament, and I can only say that is not the way to part with the wealth of this country.

Years ago Houston's Annual used to be a textbook in all the stock exchanges across the country. Now they have a different book with a blue cover, listing all companies and showing their affiliations with each other. What does that book show? It shows the way these companies are interlocked. I looked up some of these points not long ago, and found that all our natural wealth along the Ottawa river is owned and financed in New York. The timber, the gold, the silver, the platinum, the zinc, the asbestos and all the other things are shipped out in raw form, and there manufactured into finished articles, providing employment for thousands of men and producing wealth amounting to millions of dollars. Is that the way for us to build up this country? How are we going to develop our natural resources under such a policy? Is that the way to create employment? Do not forget that we may run into a depression. Nobody can tell. It may come like a thief in the night. Is that the way to create employment? I say no. What we have to do is to veto these bills. There is no use talking about friendly competitors in these days.

The question is, are you going to give over the natural resources and the natural wealth of this country to private people to exploit for gain, or are you going to reserve the natural resources of our country—I have only mentioned a few of them—for the development of our country. I believe in a policy of Canada for Canadians, trade and industry and everything else. Our own work for our own workmen; our own markets for our own products; that is the policy in which I believe. I believe that policy has built up this country. For those reasons, I am going to vote against second reading of the bill. No one else is prepared to move a six months' hoist on the principle of the bill. If I can get a seconder, I shall be glad to move that this bill be read a second time on a date six months from today.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, I believe this bill merits the careful consideration of the members of the house. This evening I propose to say a few words about it. In the first place, a word about some terms of the bill which is, as all members know, a bill to incorporate a company known as the Prairie Transmission Lines Limited. The men who are applying for the incorporation are five in number, and are all solicitors, either of Toronto or of Ottawa.

Mr. Speaker: Order. I think the hon. member should discuss the principle of the bill at this time. The hon. member is now referring to a section of the bill, and on second reading the principle should be discussed.

Mr. Green: I mentioned the applicants for incorporation because I propose to bring that into my submission at a later stage. It is quite obvious that the applicants are merely acting for some other interests.

The bill gives this proposed company the power to construct and operate a pipe line, for both natural gas and oil. By virtue of a statute passed at the session of the house last spring, which was known as the Pipe Lines Act, if this company receives incorporation, it will have the very wide powers outlined in that foundation bill. For example, it will have wide power to enter on property to make surveys and construct a pipe line, and it will have extremely wide powers of expropriation. One other feature about the terms of the bill itself is that the company is given these powers within the provinces of Alberta and British Columbia or outside Canada.

Before continuing, I think something should be said about what happened in this house last spring. Those members who survived the holocaust of June 27 will remember that the Pipe Lines Act was brought into the house a day or two before prorogation. At the same time several of these private bills were brought in, under which approximately five different companies were eventually incorporated. At that stage in the session it was impossible to give careful consideration either to the foundation bill or to those private bills.

Members will recall that the private bills were referred to the standing committee on railways, canals, and telegraph lines. During one of the evenings of the last week of the session there was a meeting of the committee which lasted about half an hour. The men representing the various companies were present and gave brief explanations. I think the committee took an average of about five or ten minutes on each of those private bills. I do not believe anyone can dispute the fact that this house did not have an opportunity in April to give careful consideration either to the Pipe Lines Act or to any of those private bills. Everything was put through in great haste. We were told that the Imperial Oil had to commence laying the pipe line from Edmonton to Regina at once, and that if the bills were not put through western Canada would suffer.

The time has now come, Mr. Speaker, when it is the duty of this house to give more careful consideration to pipe line bills. I think it is our duty to insist that this bill, or any legislation that goes through the house from now on dealing with pipe lines, must be in

the best form possible. It need not necessarily be in exactly the same form as the legislation which went through in such a hurry last April. I suggest to the house that there are several things that should be taken care of in legislation of this type.

In the first place, the general route that is to be followed by the pipe line should be set out in each of these bills. If we pass this bill in its present form, we are giving a blank cheque to the company. In the case of some of the bills, we are simply saying, "You can build a pipe line anywhere in Canada," and in the case of this particular bill we are saying, "You can instal a pipe line anywhere in Alberta or British Columbia". It certainly is the responsibility of parliament to go into the question in more detail than that, and to decide the approximate route the pipe line should take.

I should like to point out what happened in connection with this particular bill when it was before the other place. I do wish, Mr. Speaker, we were allowed to say the Senate; it would be more understandable. When this bill was before the other place, the sponsor explained the route of this particular pipe line. The members will find that on page 117 of the Senate *Hansard*.

> The sponsors of the bill are Canadians; they have completed their engineering studies for the construction of the pipe line, and propose to transport gas across a corner of British Columbia, up to Trail, and through to the coast at a point near Seattle,—

Which is, of course, in the United States.

> —and thence up to Vancouver.

Now, that was the statement made in the Senate. But when the bill was introduced in this house the hon. member for Kenora-Rainy River (Mr. Benidickson) told a different story. As reported at page 1344 of *Hansard*, this is what he said:

> I wish to make it clear that the passing of this bill does not in any way establish routes for the transmission lines for this company.

Then on the next page he said:

> I should like to inform the house that the bill has nothing to do with routes. There is nothing in it that establishes a route.

If we turn back to the days when railway charters were being granted by parliament, we find that in the incorporating statute the routes were set out. I have here the statutes for 1902, containing an act known as chapter 62, an act to incorporate the Essex Terminal Railway Company. It constitutes certain men a corporation but it has a paragraph which sets out the line of railway authorized; that is section 8, which reads as follows:

> The company may lay out, construct and operate a railway, of the gauge of four feet eight and one-half inches, from a point in or near the town of Walkerville, through the townships of Sandwich East and Sandwich West, and the city of Windsor, to some point in or near the town of Sandwich, and through the town of Sandwich, the townships of Sandwich West and Anderdon to a point in or near the town of Amherstburg.

Then I have here another act. This time the petitioner was the Canadian Pacific Railway Company. It is chapter 79 of the statutes of 1919. It gives the Canadian Pacific Railway Company the authority to build seven different lines of railway but in each case says approximately where that line is to go. Finally, I have here the statutes of 1924. In chapter 82 we find an act to incorporate Joliette and Northern Railway Company. It is the same type of act. It constitutes certain men a corporation. Then there is this section which sets out where the line of railway must go. Section 9 reads as follows:

> The company may lay out, construct and operate a railway of the gauge of four feet eight and one-half inches from a point in or near the town of Joliette, in the county of Joliette, in the province of Quebec, in a north by northwesterly direction to a point in or near the village of St. Michel des Saints in the county of Berthier, and thence by the most feasible route to a point on the National Transcontinental Railway at or near Parent, a distance of about one hundred and sixty miles.

That has been the practice followed with railways, and I suggest that we should adopt the same practice with regard to these pipe lines. This house cannot decide on the merits of these applications for statutes incorporating a private company unless the members of the house know where the pipe line is to go. It is not good enough to have somebody read in the paper that it is going to be in such and such an area.

The same point was raised in the other place in a debate on October 4, that debate being on the other pipe line bill, incorporating the Alberta Natural Gas Company. There Hon. Mr. Hugessen raised this point. At page 81 of the debates of the Senate he is reported to have said:

> I was just wondering whether the bills we passed last year specifically stated the particular area in which the companies intended to build.

And he went on to say:

> I think in the future that parliament should take care to see that this is done.

I submit this evening therefore that we should take care to see that in each one of these private bills there is written in the area in which the pipe line is to be laid.

There is another provision which I suggest should be written into this legislation, and that is a provision to the effect that Canadian requirements must be met first by the companies before they export their product to the United States. There is a provision of that type in a statute known as the Electricity

and Fluid Exportation Act, which is chapter 54 of the Revised Statutes of Canada of 1927. There we find it written into the act:

Any such licence—

That is any licence for the export of fluid.

—may provide that the quantity of power or fluid—

Which fluid would include gas and oil.

—to be exported shall be limited to the surplus, after the licensee has supplied for distribution to customers for use in Canada power or fluid to the extent defined by such licence, at prices and in accordance with conditions, rules and regulations prescribed by the governor in council.

My submission is that some provision of that type should be written into each one of these private bills.

In the case of the bill we are now discussing there is of course no attempt whatever to meet the requirements of Canada before exporting to the United States. The statement made in the Senate shows that the pipe line is to go from southern Alberta through the Crowsnest pass into British Columbia, and then down into the United States at the first convenient place. Once it goes into the United States it will go to Spokane and eventually to Seattle and Portland.

In the Senate there was a suggestion that there would be a branch of this pipe line up into Trail in the valley of the Columbia river in Canada. Frankly, Mr. Speaker, I doubt very much whether that would be done. Certainly the main object is to get into Washington and Oregon. The suggestion is made that eventually this pipe line will reach Vancouver. It may or it may not. There may or may not be any gas left over by the time it gets to Vancouver, and the United States authorities may or may not permit that pipe line to come back into Canada once it has gone into the United States. I doubt very much whether they would give that permission.

In any event, the pipe line certainly will be of little value to any other part of British Columbia. Actually, in going through the Crowsnest pass it will put gas in competition with the coal industry in that pass. As hon. members from British Columbia know, the Crowsnest district depends largely on coal for employment. If this bill is passed, and if this company goes ahead as is suggested, the result will be the development of Washington and Oregon. I would point out that it is not only gas that is involved. They are also taking the power to pipe oil there. If they pipe oil, then we shall have refineries established down in Spokane or Seattle, giving employment to Americans, and Canada can just wait or possibly the west coast can continue indefinitely to import her oil from the United States. It would mean giving employment to Americans instead of to Canadians.

The situation is even worse than that because British Columbia is in direct competition with Washington and Oregon. Our lumbermen have to compete with lumbermen of Washington and Oregon. Our fishermen compete with the fishermen of Washington and Oregon. Our fruit growers are in competition with fruit growers down the same valleys in Washington. You may well have the position that the Americans in competition with us are getting Canadian gas and Canadian oil while the people in British Columbia cannot get these commodities.

The bill which was passed last session did not have that objection, because that company's line was to come from northern Alberta down through the province of British Columbia, serving practically every community in that province, and once it served Vancouver and New Westminster nobody could have any objection to the surplus being exported to the United States. There was a plan which I suggest was in the best interest of Canada. For that reason the bill passed last session without any opposition whatever.

I repeat, there should be written into these acts some provision that Canadian requirements are to be met first. The premier of Alberta has taken that stand. During previous debates letters from him have been read in the house. One of them will be found at page 1345 of *Hansard*. In that letter he pointed out the requirements of the government of Alberta before they would issue a licence. The third requirement was:

It will be a condition of any export permit that Canadian requirements must be given first priority.

I am asking that that condition be put in this bill, and that in every pipe-line bill there should be a condition that Canadian requirements must be given first priority. The suggestion will be made that that can be left to the board of transport commissioners. Mr. Speaker, it is not the job of the board of transport commissioners to lay down a policy of that kind. If that is the policy of the government it should be laid down in a statute by parliament and not just left to the board of transport commissioners.

May I mention something else in connection with these pipe-line bills. I believe that hon. members should be very careful to see that these bills are not merely in furtherance of a promotion scheme. There is big money involved in this business. In a few months or a year's time we may find that we have granted these charters to some solicitors and that they were acting for some promoters,

and that these promotors have sold the charters for hundreds of thousands of dollars. That is a situation against which this house must guard. Let the people who are really behind these applications for private bills come into this house and ask for incorporation themselves so that we may know to whom we are giving these rights. If there are big oil companies involved let us know about them. When a company was incorporated last spring to build a pipe line from Edmonton to Regina we were told that the Imperial Oil Company was behind that company; that it was in effect a subsidiary of the Imperial Oil Company. The Minister of Trade and Commerce (Mr. Howe) may correct me if I am wrong in this, but there was another private bill incorporating a company known as the British American Pipe Line Company. We were told that that company was a subsidiary of several of the major oil companies. Hon. members had that information. But in the case of the bill now before us we have no idea whatever who is behind it.

Mr. Howe: May I ask my hon. friend a question? Is not the proper place to get that information the committee of railways, canals and telegraph lines?

Mr. Green: No, I do not believe it is. I believe that we should establish a practice here of insisting on knowing who the men are who are asking for these great rights. Let us know their names. Certainly the sponsor of the bill could have told us who was behind this company. I suggest to the Minister of Trade and Commerce that the wise way for this house to handle these bills is to insist on being told such facts before approving the bill. These names should appear right in the bill itself. If that were done there could be no misunderstanding and there could be no fast footwork. We would know with whom we were dealing.

There is another thing we should remember about this bill. While the power is taken to carry oil, it is primarily a natural gas pipe line, and under the Pipe Lines Act, which was passed last session, the companies that carry natural gas are not common carriers. Companies that carry oil are common carriers, they have to carry oil produced by anybody who offers it for carriage, or however you describe the movement of oil. But that is not so with these natural gas pipes lines. They are not common carriers.

Mr. Howe: How could they be?

Mr. Green: It may be that they cannot be common carriers, although we did not have time last session to go into that question carefully. I point out to hon. members that if this company is incorporated and puts in a natural gas pipe line it will be under no obligation whatever to carry natural gas for any other company.

I know the suggestion will be made—in fact it has already been made—that we should give incorporation to anybody who wishes to come here and ask for a private bill, and let them compete. That would be a very unwise way to handle the situation. It would in effect mean that parliament acts purely as a rubber stamp, granting incorporation to anybody and then letting them fight it out. I do not believe that we can evade our responsibility in that way. I suggest that it is the duty of hon. members to go carefully into the facts in each of these applications for incorporation, and then to decide on the merits of the particular application.

Therefore I suggest, Mr. Speaker, that the house should vote down this bill. It is a private bill. Government policy is not involved. All we are dealing with is the application of five solicitors to be made a company and to be given these tremendously wide powers. There can be no question of a vote against the bill being a vote of want of confidence in the government. I hope hon. members will vote against the bill. That would mean that in the months intervening between the end of this session and the beginning of the next one further consideration could be given to the points I have raised and those raised by other hon. members in these pipe line debates. There will be far more time next session also to consider these bills in committee. For these reasons therefore I do urge that this bill be voted down.

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I should like to attempt to shorten the debate by calling the attention of hon. members to the situation that faces parliament when dealing with these applications. This is not an application to build a pipe line; it is simply an application to incorporate a company that would like to build a pipe line. If the incorporation is granted the next step must be for the company to sign up sufficient production of natural gas or to acquire natural gas in some way, in quantity sufficient to justify the pipe line.

The third step is that the company must obtain from the province of Alberta a licence to export gas from that province. That step is really the key to the whole situation, since the company that receives the licence to export gas from Alberta will be the company that builds the pipe line for gas. And may I say in passing that I am very glad indeed,

as a member of this government, that the province of Alberta has relieved this government of the responsibility of making a choice of pipe line companies to do this particular job.

The next step is this: the company, having sufficient gas to warrant a pipe line and having a licence from Alberta to export that gas, must come before the board of transport commissioners and satisfy the requirements of the Pipe Lines Act. It must prove to the board convenience and necessity. It must show that the project is properly financed. It must show that supplies of gas within the control of the company are sufficient to warrant a pipe line, and it must obtain the approval of the board of transport commissioners regarding a route.

But that is not all. The board of transport commissioners will, I assume, as they have in the past, require that the company produce a licence under the Electricity and Fluid Exportation Act which is administered by the Department of Trade and Commerce. The purpose of that act is to see that resources of Canada, such as power or fluids or gas, which depend upon continuous transport, are used primarily for the benefit of Canada. That act was passed by this parliament at a time when it was found that, in the past, electricity produced in Canada and needed in Canada had been alienated by long-term contracts made with users in the United States.

In my opinion the Electricity and Fluid Exportation Act is one of the most important acts on our statute books. I believe the administration of the act has prevented alienation of Canada's natural resources, such as had been taking place before the act was placed on the statute books.

A good deal has been said about the route of these two pipe lines. All I know about the route is that one of the groups asking for incorporation visited me and asked what the attitude of the government would be regarding administration of the exportation act to which I have referred. I stated that the attitude of the government would be that the export of gas would be treated in exactly the same way that we treat the export of electricity, namely that the needs of Canada would be served first and would be protected in perpetuity for all export purposes.

Mr. Knowles: Nine o'clock.

Mr. Speaker: The hour reserved for private and public bills having expired, the house will resume the business interrupted at six o'clock.

[Mr. Howe.]

HOUSING

INCREASED RENTALS—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 31

The house resumed consideration of the motion of Mr. Coldwell for the adjournment of the house, under standing order 31, for the purpose of discussing a definite matter of urgent public importance, namely the action of the government in allowing a further and drastic increase in domestic rents, the effect of which will further increase the cost of living in this country, aggravate the housing shortage and seriously impair the health and living standards of our people.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, we are back now to the consideration of the motion made this afternoon by my leader, the hon. member for Rosetown-Biggar (Mr. Coldwell), protesting against the action of the government in allowing further drastic increases in domestic rents, the effect of which will further increase the cost of living in this country, aggravate the housing shortage and seriously impair the health and living standards of our people.

I do not see how anyone can apply the words "orderly decontrol" to a proposal to increase domestic rents by amounts running up to 20 and 25 per cent. Surely that is a misuse of the word—and I am sure every Liberal member in the house must agree with that statement.

It seems to me quite clear that the course followed by the government in allowing such drastic increases simply could not have taken place just before an election. Neither could it happen in a House of Commons more evenly divided between government and opposition members than is the present one. I suggest that points to the error in the decision made by the government, and also to the tragedy of this parliament. The tragedy of this parliament is that its overwhelming government majority is becoming more and more detached from the people of Canada whom it is supposed to represent.

Some hon. Members: Oh, oh.

Mr. Knowles: My hon. friends are throwing in their little interjections as they did this afternoon. Every time anyone on this side of the house said anything they did not like they threw in interjections of one kind or another. And any time the Minister of Finance (Mr. Abbott) said something that sounded as though it was time to applaud, as for instance when he said that the government was going to stand by its decision, they applauded. By their actions during this debate, and by their interjections right now, they are demonstrating the truth of what

I have just said, that having got into this House of Commons, with its overwhelming majority, they have become detached from the people they are supposed to represent back in their respective constituencies.

I suggest, particularly to hon. members on the government side, that they go back in their thinking to the months of May and June of this year, when they were campaigning in their constituencies and when, instead of hobnobbing with a great overflowing majority of Liberals in this House of Commons, they were with the people whom they were seeking to represent, feeling their problems and making promises to them.

An hon. Member: We are still.

Mr. Knowles: The way hon. members are acting in the house shows that they have completely forgotten the relationship with the people of their constituencies which they promised they would maintain. I suggest to hon. members that they do not even have to take their thinking back to the months of the campaign, May and June. Those who went home last week end will recall the protests they received from the people of their constituencies about the announced increases in rentals up to 20 and 25 per cent. Those hon. members who did not go home can go up to their offices and get out the letters they have been receiving in the last few days. Those things must surely impress upon Liberal members of the house that what the people back home want is that their representatives shall live up to their promises, and that parliament shall somehow represent the wishes and desires of the Canadian people.

It seems to me there ought not to be this difference between a House of Commons that is evenly divided and a house that has an overwhelming majority on one side. It is still the elected house in the parliament of Canada; and the job of hon. members, whether they are on the minority or the majority side, is to think of the wishes and desires of the people of their constituencies. What happens? Some hon. members went home for the week end, and they got the feeling of their constituents. They told newspaper writers either in their home towns or after they came back to Ottawa that this was a hot issue. The newspaper writers were able to put stories in the papers to the effect that there would be a real commotion within Liberal ranks, that Liberals would be calling upon the government to rescind the order, or certainly to make very drastic changes in it.

We understood today that once the debate was under way certain Liberals would take part in it, but such has not been the case. The Minister of Finance (Mr. Abbott) gets up and makes a very fine speech; Liberal members applaud, and somehow or other they are mesmerized into thinking the situation is not so bad after all. I ask any Liberal member to get a reprint of the speech made by the Minister of Finance this afternoon, send it to the people of his constituency who are complaining, and ask them to use it to pay the increased rent. Ask them to read that speech and see if it makes them feel as satisfied as some hon. members felt this afternoon, simply because the minister lulled them back into their accustomed complacency. I challenge hon. members again to get away from being mesmerized by the feeling they are in power with an overwhelming majority. They are not just members of a club of good fellows who are here to get along with each other. Every one of us in this house represents 30,000, 40,000, 50,000, 60,000, or possibly 100,000 people back home. It is the job not only of members in this corner of the house but of every individual Liberal member to remember his responsibility to his constituents who, as the motion before the house puts it, are going to have their health and living standards impaired by the action that the government has taken in increasing rents by 20 and 25 per cent.

In connection with the whole question of the overwhelming majority that the Liberals have in the house, may I remind them that does not mean that whatever they think or say, or whatever they decide to agree with because it is proposed by the government, necessarily represents the views of the majority of the people. As a matter of fact, the 193 or 194 Liberals in this house do not have behind them a majority of the votes of the people of the country. I have in my hand the Canadian Press election handbook for this year which gives figures of the percentages of the votes on June 27, that date that hon. members opposite are so fond of quoting. What do these figures show? They show that the Liberal vote on June 27 was only 49·54 per cent.

An hon. Member: What was the C.C.F.?

Mr. Knowles: Oh yes, the C.C.F. had only a minority vote.

An hon. Member: What was the result of the election? You are asking for it.

Mr. Knowles: My friends are boasting again that they got more votes than we did, but they are ignoring the fact that the people of Canada are looking to them tonight to speak for them here in this house.

Mr. Whitman: Don't be provocative.

Mr. Knowles: The people of their constituencies are looking to them to speak for them

on the question of increased rentals. Let me finish my point: 49·54 per cent of the people of Canada—actually only a minority—voted Liberal on the 27th of June, and that 50·46 per cent voted against the government now in power.

Mr. Fleming: The Liberal percentage dropped in the by-elections.

Mr. Knowles: Lest anyone think I am overlooking any figures in this table let me say that in addition to the 49·54 per cent who voted Liberal there were ·49 per cent who voted Independent Liberal—I suppose that accounts for the grade A and grade B Liberals—

Mr. Sinclair: What about straight independents?

Mr. Knowles: I suppose that explains the two grades of Liberals—the kind who are introduced by cabinet ministers and the kind who are introduced by private members. When you add together the two figures I have quoted it shows that 50·03 per cent of the people of Canada voted Liberal or Independent Liberal, and 49·97 per cent voted for other parties and against the government.

Mr. Sinclair: Did you add the independent vote in Comox-Alberni?

Mr. Knowles: To which side of the house does the hon. member for Comox-Alberni (Mr. Gibson) belong?

Mr. Whitman: Over on that side.

Mr. Knowles: As a matter of fact, he supported my amendment yesterday with respect to trade union dues, so I am prepared to welcome him down here. The point I am making is that I am asking hon. members to realize, and particularly members on the government side —

An hon. Member: That we are in power.

Mr. Knowles: There is the same thing again. The lecture I am trying to give to Liberal members apparently is in vain. All they can think of is that they are in power with over 190 of them here, but half of the people of Canada did not want a Liberal government on June 27, and a lot more feel that way now. These Liberal members promised their electors that they would protect their interests, and one protection that they said they would give was to see that the living standards of the people in their constituencies were protected. You cannot call it protection of living standards if you allow such an increase in rentals at the present time.

I hope it will be a lesson to the people of Canada, Mr. Speaker, and that they will realize that, no matter how good the party is they are putting in power, they should not give it too large a majority in the House of Commons. An overwhelming majority produces a totally different situation than you have when, as in the last parliament, the majority was fairly close. In fact I hope the people of Manitoba, where there is an election in a couple of days from now, will realize that they had better be careful as to the size of any majority they put in power.

Some hon. Members: Oh, oh.

Mr. Knowles: My hon. friends are laughing again. Some of them may even be thinking the reason I got up to speak is because that election is taking place on Thursday of this week. It might be.

An hon. Member: Surely.

Mr. Knowles: At any rate, in relation to this whole question, I read in today's Ottawa *Journal* a dispatch from my home city of Winnipeg dated November 8, which is as follows:

> The Manitoba government is loath to take over rental control, Premier D. L. Campbell said in a statement read by Educational Minister C. Rhodes Smith last night during a radio address.

Apparently they do things the same way there as in this government. One minister speaks for another and you never know where you are with them. At any rate, one minister made a statement on behalf of the premier of Manitoba indicating that the Manitoba provincial government has been put on the spot by the action of the Minister of Finance in announcing his rental increases last Thursday. I am amazed that the Minister of Finance was not a little more considerate of his friend and namesake Douglas Campbell of Manitoba, and did not postpone his announcement a week or so. The *Journal* dispatch goes on to say:

> The statement explained that "we believe that rental controls are more easily and efficiently administered by one national government than by ten provincial governments." It added the provincial government is loath to assume the jurisdiction now exercised by the dominion until convinced such a step is necessary in the public interest.

I do not blame the provincial government for being loath to enter the field of rental control. I think Premier Campbell is right when he says that rental controls are more easily and efficiently administered by one government rather than by ten provincial governments, but I hope the people of Manitoba realize they are now being handed the same kind of half assurances that they were given by the Liberals prior to the 27th of June. Once the 10th of November is past, any thought that the Manitoba government would take over rent control in that province is just

as far down the drain as is the promise of the federal government that they would protect the health and the living standards of the Canadian people.

Well, Mr. Speaker, I do not intend to go much further, but there is one thing the minister has tried to say both ways to which I want to call attention. I do not know how long we are going to have to keep on telling the ministers that they cannot have it both ways; they try to do it continually. Last Thursday evening, when the Minister of Finance (Mr. Abbott) announced increases in rents, he prefaced his statement as to the precise changes being made by asserting that in the view of the government you could not completely remove rent controls without creating chaos. This afternoon, when hon. members were complaining about these increases, which could go as high as 20 and 25 per cent, the minister said, "Oh, the increases are not going that high. That is just a permissive ceiling, but I am satisfied they will not go that high." In other words the minister has put the ceiling so high there is no pressure on it. Well, you cannot tell us on Thursday evening that the government feel they cannot take off rent controls altogether, and then tell us today that that is exactly what they have done. It seems to me there should be come consistency in this matter. I also think the government should realize this proposal that the provinces take over rent control, after they have put the ceiling so high that it no longer has any effect, is asking the provinces to take on something completely impossible.

I leave it at that. I come back in my closing sentence to the clearly-stated effect of the government's action as it was put by my leader when he moved the motion this afternoon. I submit that individual Liberal members of this house owe it as a duty to themselves and to their constituents to think of this matter not in terms of the feeling of power they have here, but in terms of what the people expect of them. I am sure the people back home want them to say with us—and to protest against it—that the action of the government in allowing a further and drastic increase in domestic rents will further increase the cost of living in this country, aggravate the housing shortage and seriously impair the health and living standards of our people. That is not what Canadians voted for on June 27. That is not what the Liberal members of this house promised to do for the people of Canada by Christmas this year. I suggest that they show some sense of responsibility to the people who elected them by rising in their places and protesting with us against the action the government has taken.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, I have listened to the debate with considerable interest, and I should like to preface my remarks by saying that this question is not a political issue. It is not a Liberal nor a Tory nor a C.C.F. issue. It boils down to cold, hard economic facts and a little bit of honesty. If we intend to relieve the people of this country who are going to be affected by this action—and around four million are affected—if we honestly want to do something for them and face the economic facts, then it is not good enough to follow party tactics. Nor is it good enough for the government, with their large majority, to sit back complacently and say, "Well, we are here for four more years. The memory of the people is short. Before the next election we will give them a few little palliatives and they will forget all about this." That seems to be the feeling. You know, Mr. Speaker, I do not like the truculent attitude of the members of the government in chucking their weight around. It pays to be humble in victory; when you stick up your head too far somebody is going to knock it off for you. If you keep it down and show a little honesty in your thinking on questions which come before you, in which there is merit, I think the people of Canada will have a great deal more respect for this institution.

There is a great deal of merit in this question. The whole matter is one of control, and we do not need to guess about the problem any longer. When this country faced a crisis in the early days of the war there was no quibbling about it. We then had a national objective, the winning of the war. It was a matter of survival, and neither the members of this house nor the cabinet sat back and said, "We are just going to let this thing go along in a haphazard way." It required a certain amount of planning. The first thing the government decided must be done was the holding of prices somewhere within reason; and they made a very good job of it. From the start of the war until about the end of 1941 prices were uncontrolled, and in that period they jumped about 15·8 points. So the government instituted controls. They fought the war; they allocated materials; they controlled prices; and up to the end of 1945, when the war was over, the price index had gone up only about 4·3 points.

In defending controls in this house Mr. Ilsley made the statement that by means of controls he had saved the people of this country some $12,500 million, or approximately $1,000 for every man, woman and

child in Canada. That was good business, was it not? No one was hurt; no one transacting business during that period suffered; their profits were within reason, and every person in this country benefited to the extent of a thousand dollars. Then came the end of the war and we wanted to get back to the things that caused the war; the unplanned, unrestricted economy, where greed and avarice are the motivating factors in society; and that is where we went.

The minister speaks of orderly decontrol. Beginning in 1946 controls were removed. Our opinion was that they were never more badly needed than during the transition from war to peace. We had an effective machinery administered by experienced men; and the worth of that machinery had been proved during the war. But in 1946 the minister said he was going to go ahead with it in an orderly fashion, so controls came off; and from early in 1946 until about the end of 1947 the price index jumped by some 25·9 points. In other words prices rose by only 4·3 points in the whole process of fighting the war; then in a little more than a year after the end of the war, when controls began to be removed, the index soared by 25·9 points. I believe that increase indicates to hon. members that price controls should have been maintained during that period. It must be remembered that industry in this country went through a great deal of upheaval, trouble, strikes and misery, because when prices began to skyrocket wages began to chase them. If controls had been maintained during the period I have just mentioned, and prices kept within reason, we would have avoided that disruption of industry. It would have been good business, and it should have been done.

An hon. Member: Including wage control?

Mr. Gillis: Wages were controlled. Certainly you must have a measure of wage control if you are going to have price control. We have never denied that. In fact we have advocated it, and it was accepted during the war. Today the cost of living index stands at around 160. I believe it was 160·1, but it dropped a little. There has been a terrific increase in the cost of living. The people that I have in mind in this particular instance are the people in the low-income brackets. A large percentage of our people do not pay income taxes, and those are the people who live in rented houses. Those are the people who are going to suffer most under this rent increase.

An estimate made by the Toronto welfare council reveals that the small-income groups in this country spend at least fifty-five per cent of their total income on food. In the matter of rents, the landlords received a rent increase of 10 per cent about a year ago. I believe that this last gesture on the part of the minister was ill-considered. I am not going to kick the minister around for it because I know him quite well. I know his background, and he came up the hard way. The minister may be on top of the heap today, but I believe he has some bad advisers in the background. I think he should look them over carefully. This move was badly timed, very badly timed.

I do not think the government should have made a move at this time. They have not exactly removed the control from rents but, in effect, they have told the landlords of this country they are justified in increasing rents by 20 or 25 per cent. I believe that was a wrong approach to the problem. If the minister was going to do anything about it, it would have been better for him to vacate the field completely and leave out of the picture that matter of instructing the landlords as to the percentage by which they could increase rents. The minister says they do not have to increase rents by that amount. The fact of the matter is that the landlords will charge it. Examples of that can be found in this house.

I know a person employed in the civil service who had an apartment for which he was paying $30 per month. When certain types of accommodation were decontrolled, he had to get out immediately. He went into an apartment which before the war rented for around $45 per month. The landlord split it up and made two apartments out of it. This man who was paying $30 per month rent, all he could afford, was forced to pay $85 per month for one end of that apartment. The other end was rented for $75 per month. That landlord was receiving $160 per month for accommodation which, in 1939, rented for $45 per month. That was under decontrol. You will find a large percentage of the landlords will take that attitude and say, "Well, Mr. Abbott said twenty-five per cent for this type of accommodation. Rents will be increased by twenty-five per cent. It would have been much better if the federal government had vacated the field and said nothing about the rent increase.

I believe that housing is this country's No. 1 problem in many respects. It is the No. 1 problem in the field of employment. The lumber industry is rather stagnant; the steel mills are not producing as they should; the fuel industry is down and the building trades are not all employed. I believe Canada should set up a low-rental housing program as a national objective. This would provide us with an incentive such as we had during the war. This country has no objective now. In this House of Commons we

are roaming around like a ship without a rudder. Someone on the government benches should set a low-rental subsidized housing program as an objective to cure the housing problem of the low-income groups. Until such time as that is done, nothing will help our people. It would stimulate the lumber industry and the steel industry and put the building trades to work. It would create employment and new wealth for this country. I think that is an objective for which we could all work. It is not a Liberal or a C.C.F. objective; it is a common-sense approach to our No. 1 problem.

Then the question arises, where are you going to get the money? Before the war that question was heard quite often. There was no money for relief or anything else. Immediately upon the outbreak of war, instead of appropriating millions we were appropriating billions—we were even making gifts of billions. There is money. I am going to name one particular spot from which we could get some money. These figures were taken from the public accounts and concern subsidies that were paid up to 1945. The total subsidies amounted to $210,591,000. The administration of the wartime prices and trade board cost $14 million in 1945. That sounds like a lot of money.

Immediately after the war excess profits taxes were abolished. The yearly revenue from those taxes amounted to $465,805,356 per year. That is also a lot of money. If the government is in earnest about solving the low-rental housing problem of this country on a subsidized basis, I believe it would cost somewhere in the neighbourhood of $120 million per year. Is it unreasonable to say that the excess profits tax should be reimposed in an amount sufficient to offset a subsidized housing program for this country?

Mr. Sinclair: Will the hon. member permit a question? Is he aware that the British Labour government removed the excess profits tax on industry one year before this government did, for reasons which the Chancellor of the Exchequer gave at that time?

Mr. Gillis: The tax rate in the United Kingdom is much higher and they also have a capital gains tax which we have not got.

Mr. Sinclair: Is the hon. member aware that, when the Canadian government removed the excess profits tax, it followed the same procedure as the United Kingdom and increased the standard rate of corporation taxation from 18 per cent to 30 per cent?

Mr. Gillis: I was not aware of that.

Mr. Sinclair: I suggest you do a little research about your Labour government in Great Britain.

Mr. Gillis: I have done a little research, and it appears to be hurting. Your questions do not bother me at all.

Mr. Sinclair: The answers bother you.

Mr. Gillis: I have no objection to the hon. member asking those questions because he just gets his feet wet all the time. There is no comparison between Britain and Canada. I have heard the Prime Minister and other members in this house say that we are much better off than any other country in the world. I think that is childish and nonsensical. Britain was devastated by war. She came out with perhaps a million of her people in air-raid shelters. The United Kingdom imports practically everything the people eat or wear as well as all building materials. The same thing applies to the rest of Europe. You cannot compare this country, which covers half a continent, has unlimited resources, thirteen million people and never a scar of war, to a country like Britain. We built up our standards while they were tearing theirs down. There is no comparison at all. We are better off, certainly, but I would not want to go through what the people of Britain went through with the same kind of administration we have today, and expect it to drag us out of the ruins of war. I think the comparison is one which hon. members would not want to put on the record.

I was just pointing out, Mr. Speaker, for the benefit of the minister who just entered the chamber, that in this matter of removing controls—I have said a lot about it and I am not going to repeat it—I thought that the success of the whole control structure during the war, the benefits that the Canadian people derived from it and the excellent job that was done by the administration in that field, was attributable to the fact that this country at that time had a national objective, which was the winning of the war. It was not a Liberal war, a Tory war, or a C.C.F. war. We all got into it and helped to win it. You laid down certain mechanism that worked during the war.

I make this suggestion to the minister. He is a military man and knows that you have got to have objectives if you are going to go into a battle; you must choose a battle-ground, plan your attack and so forth. I think we now need another national objective, and that we shall have to reconstitute some of the machinery with which we were so successful in fighting the war. I made this suggestion. I am repeating this for the minister's benefit. I know he is receptive

and sympathetic, and that if ideas are right he will perhaps put them into operation. I suggest that our housing problem in this country is our No. 1 problem and that we should all forget our party politics and should set as our objective the elimination of slums and the establishment of a good, low-rental, subsidized housing program as the only means of relieving the low-income groups and giving them housing. I think we should say that should be done. It would stimulate production. Your lumber industry would work on it. Your steel mills would work on it. Your building trades would go to work. It would create employment and solve our No. 1 problem.

Someone may ask where we are going to get the money for all this. I pointed out the amount of subsidies—according to the public accounts report of 1945, some $210 million was paid out; the administration of the war-time prices and trade board cost about $14 million, in round figures; but at the same time your excess profits tax that you had used during the war in order to finance the war was yielding the government some $465 million, in round figures again. According to figures I have seen, a subsidy of about $120 million a year would provide an adequate low-rental housing program in this country. I ask the members of the house if it is unreasonable to reimpose an excess profits tax to gather sufficient revenue to provide that subsidy. I do not think you would have hurt anyone because I think that normal profits, without extra profits, are sufficient. I think the balance sheets of companies and corporations throughout Canada during the war show that they were making a fair and reasonable profit as determined by the finance department. That huge amount of money that was handed back to them in excess profits is not being used. They do not need it. I suggest to the minister that he appeal to all members in this house to forget their party differences; let us tap that resource in order to get a sufficient amount of money to provide a low-rental subsidized housing program, make it a national objective at this time, and get behind it and push it.

Mr. Charles Cannon (Iles-de-la-Madeleine): I heard the hon. member for Winnipeg North Centre (Mr. Knowles) issue a challenge to this side of the house, Mr. Speaker. He inquired why more so-called Liberal backbenchers were not getting up to speak on this subject. As a rule, I do not like to allow a challenge to go unheeded. I am therefore taking this one up. To the hon. member for Winnipeg North Centre, who mentioned the fact that he thought we were getting out of touch with the people, I should like to say that he should remember that not so long ago we were very much in touch with the people, and I think we still are. I believe that the right-thinking people of Canada—the people who do not, for instance, take advantage of a debate like this to practise demagoguery and to bring forward a program of "soak the rich"—are inclined to agree with this government which they elected not so long ago and in which I am sure they still have confidence.

Mr. Knowles: Does the hon. member think that the people support these rental increases?

Mr. Cannon: I think that the majority of the people do. They are not rental increases, as a matter of fact, and I think that the majority of the people support the policy of the government which I will attempt to explain in a few minutes if my hon. friend will bear with me.

Mr. Abbott: We believe in a fair deal for all.

Mr. Cannon: One of the members on the other side of the house said that it was not a political issue. By no stretch of the imagination can this government be accused of playing politics with this issue.

Some hon. Members: Oh, oh.

Mr. Cannon: They are certainly not taking the easy way and they are certainly not trying to take what they might have reason to believe would be the most popular course with the people—

An hon. Member: After the election.

Mr. Cannon: —or with the tenants, who after all are the majority in certain of our large cities. But I wish to say that, as the government is not playing politics, it is at the same time being consistent. The government is doing no more than carrying out the policy that was laid before the people in the last election, and that policy was supported. I see that my friend the hon. member for Winnipeg North Centre looks surprised.

Mr. Knowles: I am surprised.

Mr. Cannon: I will attempt to establish that fact. In the last election the government said that it was in favour of doing away with all wartime controls. It has been the policy of this government for some time to do away with all wartime controls. One of the wartime controls, and the only one remaining, was rent control. The government and the speakers who spoke for the government—and I was one—said that in due course the rental controls would be removed. Now the rental controls are being removed. Things are perhaps going a little

bit faster than was expected. I will admit that; nevertheless the government is taking the courageous action it said it would take, and it is being even more courageous than it possibly had to be under all circumstances. As I said before, it cannot be accused of playing politics nor of taking the easy way. When one is governing, one must remember —and if my hon. friends on the other side of the house ever have to govern, which I hope will not happen in my time, they will realize it—that it is more difficult to do the right thing than to do the popular thing.

Mr. Gibson (Comox-Alberni): It is hard to be a statesman.

Mr. MacInnis: The hon. member will never succeed.

Mr. Cannon: The government is carrying out this program of removing controls, and is also taking another method of doing away with the disadvantage that lessees suffered from because of high rents, with a housing program. The hon. member for Cape Breton South (Mr. Gillis) talked about having a subsidized housing program. We have a housing program which has been explained to us by the Minister of Reconstruction and Supply (Mr. Winters) and it is going forward. Under it we have built more houses and have done more to relieve the shortage of dwellings than any other country has done since the war. That fact should not be forgotten.

Something was said about newspaper writers. I read the reports in the *Standard* also. I read all the declarations made by the members from Montreal, and I was particularly struck by the unanimity of those declarations. They all said one thing and one thing only, namely, that they were in favour of retaining rent controls for the present. Who is not? We are. We are retaining rent controls for the present. We have lifted the ceiling but we are retaining rent controls, and that is all the hon. members said. It cannot be said that one of these hon. members made any statement that was not in conformity with the policy of the government as it has been established by the Minister of Finance (Mr. Abbott). We must not lose our sense of proportion. After all, this is a decision that shocks some people, but it is not the end of the world. It is not the end of this parliament; it is not even the end of the Liberal party. Talking about not losing a sense of proportion, I should like to re-establish some figures that the hon. member for Moose Jaw (Mr. Thatcher) did not seem to quite understand this afternoon. I refer to the maximum increases which are authorized. As was explained by the Minister of Finance, to whom I listened this afternoon, the total is 40 per cent as the limit, not 45 per cent. First, 10 per cent, then 5 per cent and then 25 per cent, which makes 40 per cent.

Mr. Thatcher: You work it out.

Mr. Cannon: Forty per cent only. The minister said this afternoon that when you calculated the 10 per cent you calculated it on 100 per cent. When you added 5 per cent you did not add it on to 110 per cent, you added it on to 100 per cent. When you added 25 per cent you did not add it on to 115 per cent, you added it on to 100 per cent, and that makes 40 per cent. Let us consider this in a dispassionate manner. Let us take the figures as they are and let us not lose our sense of proportion. We are not losing our sense of proportion. The important thing to my mind is the proportion of rent to wages. I challenge any hon. members on the other side to prove that this is not true, even with the increase that is now going into effect, if it goes into effect and rents are increased to the maximum authorized. Even if rents are increased up to the limit authorized the proportion of rent to wages will not be any higher than it was in 1939. The proportion of rent paid by the working man on the average in proportion to his total wages is not any higher now than it was then. So, where is the great hardship? There is no great hardship there; it is just a matter of readjustment.

Mr. Gillis: You mean you want to get back to the 1939 conditions?

Mr. Cannon: I did not say I want to get back to the 1939 conditions. I am asking hon. members not to lose their sense of proportion.

Mr. Knowles: Like you have.

An hon. Member: He has not any.

Mr. Cannon: There is another angle to be considered in this. I take it, it will not be popular with hon. members on the other side, but one must consider that the government and the rent controls have to be fair to the land owners. After all, they are citizens of this country and like any others they are entitled to be fairly treated. Evidently hon. members on the other side do not want them to be fairly treated; but I believe it is the duty of this government to treat all classes of citizens in this country equally fairly. If the land owners are fairly treated they are getting only their due. If the ceiling were not raised we would be in this situation. We would be taxing illegally one section of the population of this country; we would be discriminating against one class whom we would be forcing to bear the burden of the benefits

that the tenants are deriving from the fact that the rents are not allowed to go up. Who would have to pay for that? So far, the property owners. I say that is not fair. I say it is not fair to tax one class of the population in this country so as to benefit another class. That is the policy of the Liberal party. That is the policy they have had the courage to put into force by the regulations that have been made.

Another point that should not be lost sight of is that after all rent control is a provincial responsibility. There can be no doubt whatever about that. For the moment I am speaking as a lawyer. If anyone looks at the B.N.A. Act he can see that property and civil rights are a provincial responsibility.

An hon. Member: Why take it to court, then?

Mr. Cannon: I shall explain that in a minute. Property and civil rights are a provincial responsibility. There is no doubt about that. What can be more within the scope of property and civil rights than rent? Rents have to do with real estate, which is property, and the civil rights of the land owners who rent to the lessees, and the civil rights of the lessees who rent from the landlord. There is no doubt at all that that comes squarely within property and civil rights.

To answer my hon. friend's question, during the war, because of the emergency, the federal government assumed control with the consent of the provinces, if not the explicit consent, at least the tacit consent; and we still have their consent evidently because they will not take the responsibility themselves.

Another thing that we should consider when talking about the responsibility of the provinces is that not only is it a legal responsibility but in all fairness they should take it because conditions are different in different provinces. It is not a matter on which the federal government can legislate for the whole of Canada. It is a matter which should be legislated upon in the different provinces where conditions vary. Conditions in my province of Quebec are not the same as they are in Ontario. Conditions in British Columbia are not the same as they are in the prairies. Everybody knows that. From there it is easy to conclude that it is a matter that should be taken up by the provinces. I understand that the province of Saskatchewan has some stand-by legislation, and that it is ready to assume its responsibility. Evidently it is the only province in Canada that has done so. Since my hon. friend's party is in power there, I take the opportunity of congratulating them on having done that, but the other provinces ought to do it also. There is no doubt that it is a provincial responsibility.

It is an unfortunate situation. Everybody agrees that it is an unfortunate situation, but it is an unfortunate situation that had to come sooner or later. The policy of the government was decontrol.

Mr. Knowles: Orderly decontrol.

Mr. Cannon: The policy of the government is to give up the control of rents. They are giving it up. It is an unfortunate situation, but the government is not wholly responsible for it. As I pointed out before, those who are really responsible for this situation are the provinces who refuse to assume their responsibility.

In concluding, Mr. Speaker, I say that I think we ought to be thankful in place of criticizing the government, in place of trying to make things difficult for the government, which has taken on its responsibilities like a man. We should be thankful that we have a government which is taking its responsibilities—

Mr. Knowles: Shirking them.

Mr. Cannon: —that are not rightfully its under the British North America Act. I turn the word "shirking" back to my hon. friend. I will say to him that it is the provinces who are shirking their responsibilities.

Mr. Knowles: You will be sorry you made that speech.

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, coming from the city of Vancouver, which is perhaps one of the most overcrowded cities in the Dominion of Canada, I cannot very well let this debate go by without saying something about the issues involved and how it is going to affect the people in my part of the country.

I believe the psychologists say that you can always know the environment in which people were brought up by their reactions to certain conditions or circumstances. People who live in isolated places will not understand the problems of congested cities where large numbers of people have to live in poverty. The member who just preceded me said that this was a very unfortunate situation. I agree with him, that it is an unfortunate situation, because it will affect people—as every other increase in the cost of living has affected people—who would find it difficult to get along even if there were no increase in the cost of living. It will affect the poor. It will not affect the members of this House of Commons. It will not affect people in Canada who are getting $6,000 a year or more. But, as I can show hon. members, it will affect mothers who are trying to bring up families of several children on incomes of less than $100 a

month. Under circumstances such as that, any increase, no matter how small, means that those women and children will have less to eat.

That is why it is unfortunate. I am not going to belabour the Minister of Finance (Mr. Abbott). I will agree at once that some landlords have been getting a bad deal, and that some attempt should have been made to find a way to help them. But when the minister calls the removal of controls to the extent of 20 and 25 per cent orderly decontrol, he is just talking nonsense. I am not so sure it would not have been better to remove controls altogether. I am not saying that it would, but I am saying that —

Some hon. Members: Oh, oh.

Mr. MacInnis: Just a moment, now; that is no joke.

Mr. Abbott: No, it is not.

Mr. MacInnis: I am saying the probability is that every landlord who raises his rent will raise it the full amount allowed by law. That is what is likely to happen. He will say "the government allows a 25 per cent increase, and I am going to take it."

It was refreshing to find one member of the Liberal party, apart from the minister, who had the hardihood, even if inexperienced, to rise in his place in defence of the government. Oh, I could name a good many members in the house whom I did not see rising to their feet with a rush to defend the action of the government. I look over at them, and I could name quite a number of them; but out of consideration for their feelings and the fact that I know them, and know they are good fellows, I shall not mention their constituencies.

Mr. Knowles: And they are very grateful to you.

Mr. MacInnis: But that is the picture. We have heard it said that he who runs may read. Well, you can run pretty darned fast during the past few days and read the protests from one end of this country to the other. When we have opponents of controls such as the Montreal *Gazette* and the Montreal *Star* writing long editorials on the folly of this decontrol, you can rest assured—

Mr. Abbott: Just the Montreal *Gazette*, I think.

Mr. MacInnis: No, the Montreal *Star*. I believe it was the Montreal *Star* reporter who drew my attention to it yesterday afternoon as I was walking along the corridor. I took occasion to have the page bring the paper in the chamber to me, and I read it here. It was the Montreal *Star*.

Mr. Abbott: The Montreal *Standard* raised its price the same day the changes were made in rent controls.

Mr. MacInnis: Why not? If the Minister of Finance considered the people of Canada to be in such good circumstances that he could allow the removal of rent controls, why should not the Montreal *Standard* increase the price of its product, as well?

I would draw the attention of the house and the minister to the situation in Vancouver. The Vancouver housing association made a submission to the government on rent control, of which I received a copy dated August 1949. I may say that the submission was made in view of reports circulated that it was the intention to end all controls on March 31, 1950. In part they say this:

> If rent controls were necessary at the time of their imposition, they are doubly necessary now in cities with housing shortage. In Vancouver, despite the high rate of building, the shortage estimated reliably at 20,000 dwellings at the end of the war has risen by a further 5,000 during the last three years.

So that today there is a shortage of 25,000 family units. Where there is a shortage of rental dwellings this allowed increase will amount to something very drastic to people who cannot afford any further increases in their cost of living.

I have said that I know from talking with some landlords, and knowing about their circumstances, that controls worked a hardship on some. But to say that all landlords are in that position is nonsense. Hon. members know that in most of the poorer dwellings, and perhaps in most of the middle class dwellings, no repairs have been made and no decorating done in the last eight or nine years. Tenants have been doing their own repairing and decorating. With the increases now allowed, in the event of a tenant not paying the amount asked and having to move out, the landlord will have the advantage of the repairing and decorating and will increase the rent to the next tenant.

I wonder if I might be permitted to draw the attention of the house to those who are going to be affected by this change. The Vancouver housing bulletin of September, 1949, contains some specimen cases.

> 1. A family of seven (five children and the two parents) have an income of $112 per month, and $25 family allowance, or $137 per month. Rent for a small, dark, two-room suite in a dingy, indescribably dirty house in the Chinese section—
>
> This is in Vancouver.
>
> —is $47.30 per month. This leaves them $90 per month for food, clothing, fuel, light and other expenses. The low cost adequate food allowance for a family of this size—
>
> Food allowance alone.
>
> —is $116.

Rent Control

The hon. member who preceded me can meet these increases with equanimity. He will not feel them, but if there is another rental increase in this case there will be another reduction in the amount of food available for the children. Canada cannot build a great nation on undernourished children. Case No. 2 is as follows:

A mother with two children has an income of $58.50 and $10 family allowance. Formerly they lived in a small housekeeping room on East Hastings, where rent was $42.50 per month. After eviction for non-payment of rent, they moved to a room on Cordova where they pay $12 per week or $51.60 per month. This leaves them $16.90 for food and all other expenses . . .

That is, $16.90 for a mother and two children. Does my hon. friend think that an increase in rent is not important to this woman and her two children? I could read dozens of these cases. We have on the order paper amendments to the National Housing Act. I am not going to discuss them. I was about to say a great majority of the people of Canada cannot afford to pay economic rent, but I will not say that. I do not know. It is agreed that a large number of Canadian families cannot pay economic rent, and it is proposed that the building of houses shall be subsidized to enable them to pay. If that is necessary for the building of new homes, it is equally necessary for rented premises where families are not able to provide the required rent. If we were willing to do so, there could have been some sort of reasonable provision made for a much smaller rent increase than the one that has been allowed.

Let me tell the minister and hon. members of the house that these rental increases are taking place when cold weather is coming on, and in the winter it is cold in every part of Canada. Additional amounts of money are required for clothing, food and fuel, and to have a rent increase besides makes the position of these people unbearable.

This is happening at a time when residential construction is falling off, when unemployment is increasing, and when production in various lines is decreasing. Where are we going to end? Among numerous letters received, I have one I took out of my mail box as I was coming into the house. It is from the Army, Navy and Air Force Veterans in Canada, British Columbia provincial command. The letter is addressed to me and reads:

Dear Mr. MacInnis:

This provincial command wishes to again go on record as being strongly opposed to the unjust rental increases as published recently in the press. Housing shortage and unemployment are two of our major problems, and any increase in rent at this time will work a great hardship on all our citizens, particularly pensioners, war veterans allowance recipients and widows. In this regard I would ask you to place our representations before the appropriate government department.

[Mr. MacInnis.]

The letter is signed "H. E. Warburton," secretary of the organization I have mentioned. I am drawing this letter to the attention not only of the department but also of the minister and hon. members of the house who know these conditions as well as I do, no matter how smugly they may sit and glower.

I said that housing construction was falling off. I have a clipping from the Montreal *Gazette* of October 5 giving figures as to the construction situation in the eight municipalities making up greater Montreal. The figure for last year was slightly over $10 million, and this year it is a little less than $5,900,000, a drop of nearly 50 per cent. The same situation is true in my own city.

Mr. Fleming: It is true across Canada.

Mr. MacInnis: It is true across Canada. More buildings have been finished so far this year than for the same period last year, but they are buildings that were started last year. There were fewer buildings begun this year than last year.

Mr. Fleming: Fewer starts.

Mr. MacInnis: Fewer starts; that is the proper word. Surely in the face of these circumstances this party is not doing a disservice to the house or to the people of Canada by bringing these matters to the attention of the house. I appreciate the difficulties associated with rent control, but there are difficulties associated with almost everything in life. I remember before coming to attend the 1948 session of the house I was asked, with a number of other men in public life including some members of parliament, to attend a meeting called by the two labour bodies of Vancouver, the Vancouver labour council and the Vancouver trades and labour council, to discuss the question of the high cost of living. I remember at that meeting one of the speakers who preceded me justifying the increases, and saying that what was required was greater production. When my turn came to speak I said that I fully agreed that what was required was greater production, but I said the moment we get greater production, overcome the present shortages and bring supply up to demand, then under our system of production for profit production will fall off. The people will be poorer than they are now, not because they did not produce enough but because they produced too much. That is the situation facing us across Canada: production increasing, poverty increasing, and the ability of the people to consume decreasing. That is the problem we have to solve, and we are not going to solve it by removing rent control. Neither are we going to solve it by imposing rent control. We can only solve it when, as the

hon. member for Cape Breton South (Mr. Gillis) said, we make it a part of our national objective to see that people are properly housed and properly fed. Until we do that we shall be plagued with these problems.

I could give this house figures to show how production is falling off and how unemployment is increasing. In September of this year the number of people on the unemployment insurance roll was approximately twice what it was for the same month last year, while the amount paid out in benefits was more than twice the amount paid out last year. So let us not, as the saying is, kid ourselves that we are going to remedy this situation by removing rent control. We can do that and add to the accumulated misery of increasing numbers of people in this country. Or we can do something else; by the proper use of the natural resources of this country and the skill and ability of our workers and technicians, we can build a better life in Canada for all our people.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I rise to support this very important motion which has been moved by the hon. member for Rosetown-Biggar (Mr. Coldwell), and in a few words to voice the protests of my many constituents who have been seriously affected by the action of the government in permitting rent increases of from 20 to 25 per cent. This matter is causing serious concern in thousands of Canadian homes at the present time. It is causing concern to thousands of low income families, thousands of old age pensioners, thousands of people receiving small disability pensions and thousands of recipients of war veterans allowance. So I think we are fully justified in taking this time to bring to the attention of the house the plight of this large section of the Canadian people.

The arguments concerning this subject have been fully developed in this debate, so it is almost impossible for one to add a new thought; but in the few minutes I wish to speak I want to deal particularly with three points. My first point is that on this important issue, concerning which the country has been showing great anxiety for weeks and months and with which hon. members of the house have been concerned since coming to Ottawa, we are informed of government policy and government action through a statement in the house by the minister. I am of the opinion that if the government had brought this matter before the house and had permitted one day's debate on the issue before coming to a decision, and then had given effect to the opinion of a majority of hon. members, the result would have been very different from the policy announced by the Minister of Finance (Mr. Abbott).

My second point is that in my view there is an evasion of responsibility on the part of the government in dealing with this question. I know that technically and from the constitutional point of view property and civil rights come under the provinces. But under the conditions existing in Canada today who can say there is not a national emergency as far as housing is concerned? More than that, the government could act on this matter with the full support of the Canadian people. The provinces are not anxious to take over this responsibility. They realize the difficulties and the magnitude of the problem. The federal government has been operating this machinery of rent control for some years now.

Mention has been made of a reference of the matter to the supreme court, and the wish has been expressed that the provinces would take responsibility in this field. I repeat that in this matter of rent control I believe the government is evading its responsibility, in view of the attitude of the Canadian people and their support for the continuation of this measure. To support that point of view I want to read briefly from a statement on rent control issued by the Canadian federation of mayors and municipalities. Before doing so I want to point out that without question this body represents a large segment of the business interests of the country. Those who are elected as mayors and representatives of the municipalities in Canada are usually people in business, people with some assets, people who are quite level-headed and constructive in their approach to any given question. The Canadian federation of mayors and municipalities is composed of people of all political parties; and, as a previous speaker has said, this matter of rent control is not a political question. It embraces all of us; it is an economic question of serious concern to the Canadian people. To support my contention that in this matter the government is evading its responsibility I quote briefly from this statement:

> For the federal government to withdraw from the field of rent controls, on the understanding that the provincial governments may step in, if they wish, would not be a solution, but rather an evasion of responsibility. To be realistic in this matter it must be recognized that for reasons of their own the provinces are not likely to enter the rent control field, at any rate in time to prevent the serious situation which will undoubtedly arise should the federal government relinquish its present controls.

I think in allowing flat increases of from 20 to 25 per cent the government is getting very close to relinquishing rent control. That was my second point. Before sitting down I want to make a third point, that the

increases permitted under the new order are far more drastic than were expected even by those who at times are considered to look at things from the point of view of the property owner. To support that statement, I want to quote again from this brief:

> While the retention of rent controls is imperative, no objection can be raised to permitting reasonable increases in rent levels, provided (a) they are carefully scaled and controlled and provided (b) it is recognized that the proper corollary to decontrol is a positive program of assisting low rent housing construction. Thus it might be reasonable to permit additional rent increases for residential property erected prior to 1945 of no more than 10 per cent, graduated downwards to a maximum of 5 per cent for rentals which are below $40 a month.

Before concluding that paragraph may I say that if the government had brought this question before the house and hon. members had been free to express their sincere beliefs, I believe these are possibly the increases which would have been endorsed by the House of Commons. They would have been a ten per cent increase on, shall I say, the middle class type of dwelling and a five per cent increase for the lower income group. Possibly that would have been considered and adopted by this house. I realize that in some cases landlords have been suffering an injustice. I know some people of very fine type who, out of generosity, had allowed people to live in certain quarters, during the depression and the years previous to the war, at a rental far less than economic. Then, because of their generosity, they have suffered for some years owing to these restrictions.

Continuing, Mr. Speaker, to read from the brief.

> It must be recognized that the great majority of tenants who need protection against exorbitant increases are in this group; and it is this group who have not been able to find any new accommodation within their means since the war. Because of these circumstances, the Canadian Federation of Mayors and Municipalities most strongly urges upon the federal government that they reassure the people of Canada that it is not their intention to remove rent controls in March, 1950, as has been suggested by press reports.

In conclusion, Mr. Speaker, there is no question about the attitude of the majority of the Canadian people. It is indicated by editorials in the newspapers throughout the country. It is indicated by resolutions passed by the veterans' organizations, the Canadian Legion, the army and navy veterans, all organizations of a non-political nature. They are composed of people representing all parties in Canada, but people who are living close to the problems we are discussing this evening. In addition to that, the trade unions of this country are seriously considering making further wage demands because of this increase in the cost of living. Various women's organizations, such as the women's institute of the province of British Columbia, are deeply concerned.

I would ask the members of this house, Mr. Speaker, when this matter comes to a vote to consider not the party point of view but the interests of the Canadian people as a whole, and for once do something the majority of the Canadian people wish them to do, that is, to support the protest my leader made this afternoon.

(*Translation*):

Mr. Gleason Belzile (Rimouski): Mr. Speaker, I wish first of all to convey my most sincere and heartfelt congratulations to the hon. member for Vancouver East (Mr. MacInnis) and to the hon. member for Kootenay West (Mr. Herridge) for the interest they have shown in the study of this problem.

In fact, they lifted the debate to the level of a social question in dealing mostly with the possible social effects of the present removal of controls. I believe it proper to follow them on this ground and to consider not only the economic aspects of the problem, as dealt with so far, but also the social aspect.

Everyone knows that each of those measures is in itself of definite and distinct social import, involving repercussions that will be felt later not unlike the ripples expanding to the edge of a pond into which a stone has been cast.

The Liberal policy has always been a social policy in the highest sense of the word. It has even reached a high degree of Christian charity. The Liberal policy in the past has never sought immediate benefits and political advantage. It has been marked by foresight and when the time came, in 1940, to set up controls that ran counter to the wishes, the aspirations and the instinctive inclinations of the Canadian people the Liberal party did not fear, at that time, to establish control of salaries, wages, rentals, etc., at all levels of social life.

The Liberal policy adopted in 1940 upset all the notions we held till then with regard to housing. We thought that the right of ownership stood solely for the proprietor's personal and immediate benefit. The Liberal policy reversed that idea, so that the tenant could have the full and real use of the property. It considered property as a commodity which could be disposed of as ordinary chattels.

The measure adopted in 1940 was a courageous one, and this more recent action by the government is also courageous and will bear fruit in the future.

The government and all the members of this house should fully realize that our housing policy must be far-reaching, taking into account not only the present but also the future.

The Minister of Reconstruction and Supply (Mr. Winters) has just made known the government's housing program. An adjustment is taking place in labour costs. Materials are becoming increasingly plentiful. Plumbing and heating fixtures are the only materials still in somewhat short supply. This would show that a readjustment is really taking place in the country's economy and that it will become easier to solve the housing problem.

An incentive is required. Interest is still a driving power. It is useless and ill-advised to lull tenants with the belief that the government will always provide for their housing needs. The incentive lies in the substantial 20 to 25 per cent increase decreed by the government. This is a sensible measure. It shows a good appreciation of the housing situation today.

Had we continued to please tenants by granting increases of 5 to 10 per cent, they never would have faced the need of becoming property owners. The construction program which the government wishes to undertake would have met with failure without this measure of decontrol, which is but the continuation of the same courageous decision taken in the past by the government.

In addition, Mr. Speaker, this measure is an act of justice and I would add of belated justice. Rentals have been frozen for nine years. For instance, in the city of Ottawa, the rent of some controlled dwellings is $25 to $30 per month, while similar decontrolled accommodation is being rented at $60, $75 and $80. There surely is disproportion and injustice, and there has been since 1940 or 1941.

I said a while ago that our understanding of what was meant by property rights has been changed. Such rights consist in using and disposing of one's assets at will. For nine years, the plight of the property owner has been such that he could neither use nor dispose of his assets. Our whole economy in the field of rent control was based solely on the principle that rents being considered essentially as chattels, the tenant alone was entitled to use them.

The remedy introduced in 1947 was practically useless. Before regaining possession of his property, the owner had to prove in court that his need was greater than the tenant's.

Again, I say that property rights had been disregarded. However, I do not wish to censure the government since rent control was providing for an emergency brought about by the war.

I believe that today the Minister of Finance (Mr. Abbott) again deserves to be congratulated.

(*Text*):

Mr. J. W. Noseworthy (York South): I want to speak for a few moments, Mr. Speaker, in support of the resolution. Some hon. members have criticized the minister for the timing of this particular order in council. For the tenants who will be affected by this order, I suppose the timing is bad. This increase comes at the time of the year when living expenses are at their highest. No time of the year could be chosen when this order would be more harmful to the millions who will be affected by it and who come within the low-income brackets.

But, I take it, that was not the consideration taken into account by the minister in timing this particular order. I submit, Mr. Speaker, that the minister has shown astute political judgment in his choice of timing. I submit that he would not have gone on the hustings before June 27, nor would any member of the cabinet nor any Liberal candidate in this country, and announced the fact that they were going to "up" rents by 20 to 25 per cent. I submit that none of those same cabinet ministers or Liberal candidates would have dared to make that announcement on the eve of the recent by-elections. Coming as it does after a general election and after a series of by-elections, and four years away from the next general election, it is good political timing. That consideration, I submit, was the one uppermost in the minister's mind and in the government's mind at the time this order was issued.

The minister speaks of his orderly decontrol of rent. I can understand some of the difficulties in which the minister and his associates found themselves with regard to this matter of rent and rent control. This order in council is the culmination of a series of such orders which have made a complete hodgepodge of the whole business of rent control. The government had gotten themselves into such difficulties concerning rent control that no doubt something had to

be done. It was becoming apparent that the job of rent control was getting just too big for the government. I suggest that the government policy of decontrol has been a disorderly rather than an orderly one. Here are some of the things that have been permitted to happen under rent control.

A few blocks from where I live, a house that was built for $8,000 in the middle thirties has, under government rent control, been sold and resold until a few days ago it sold for $22,000; and it is now rented for $175 a month whereas, prior to the war, it was renting for $55. That is the kind of thing that has been happening under the government rent control policy. There was no end of loopholes.

In the city of Toronto today there are any number of tenants who, under the government's rent control policy, are able to sublet single rooms and for those rooms collect rents that more than cover the entire rental they are paying for the house. That has been happening under the government's rent control policy.

It is true that there were some landlords who were "stuck". There were landlords who, during the depression years, were generous and conscientious enough to keep their rents down and who were caught by the government orders. Many of them have been stuck and have been obliged to rent their properties at a deflated value. Undoubtedly there are people who have suffered because they have been unable to get into some of the houses that they have purchased with the intention of moving into them. There has been a great deal of unfairness in the whole rent control business.

What was needed, I submit, was not a general lifting of rents by 20 per cent or 25 per cent, but an overhauling of the rent control regulations. There was ample room for improvement and for an overhauling. But the government did not receive from the country, on June 27, a mandate to raise rents by 20 or 25 per cent. I am going to ask this question of these Toronto Liberal members, most of whom have been in their seats all during this debate, and not one of whom has made any move to rise either to defend the government's position or to oppose it. Because the minister led off in this debate by stating the government's position, are we to believe of these Toronto Liberal members —who during the campaign were so loud in telling the people of their constituencies what the government would do about the housing situation—that they took a hint from the minister's speech? The hon. member for Spadina (Mr. Croll) during the election had a great deal to say about what this Liberal government would do with regard to the housing situation. I suppose no member in this house had more to say during that campaign than had the hon. member for Spadina about the wonderful things the Liberal government, if elected, would do to relieve the housing situation. I have not heard him protesting against these government orders.

As every Liberal and other member from Toronto knows, in the city of Toronto today the housing situation is desperate. I challenge any member elected from a Toronto or York riding to claim that he had any mandate from the people of those ridings to support a boosting of rents to 20 or 25 per cent. Just what has been the government's policy on decontrol? Let us look for a moment at how the government is gradually getting rid of control in this field. First of all, any accommodation built since January 1, 1947, is not subject to control. That lets out, I am told, about 50,000 units which have been provided since January 1, 1947, where builders and landlords have been free to squeeze out of the tenant every last dollar that the market would permit, and that has been followed pretty generally.

Then another group became decontrolled, namely, the accommodation that has been vacated for various reasons since November 1, 1948. That lets another considerable group of houses and landlords out from under control. Under this new regulation, as I understand it, any tenant who is unwilling to take a year's lease at the increased price which the landlord may charge, up to 20 or 25 per cent as the case may be, can be ousted from his house. That is going to remove another large group from control. That appears to be the policy which the government is deliberately following in its decontrol measures.

Today I read in the press that the case which was to come before the supreme court in Toronto to determine whether or not the federal government was within its jurisdiction in maintaining controls was indefinitely postponed because the government's solicitor was not present. If that is true I want to ask this question. Has the government's last move in this respect been so agreeable to the real estate interests who were pressing this case that they are now satisfied and are we going to have a test case? We were told by the minister that every effort would be made to have this test case brought on and judgment rendered in time for the provinces to take over control should the federal government find that it could no longer maintain rent control. It would seem to me that in a matter so vital the government would see to it that its solicitor was on the job when a case of this kind came before the courts.

I turn now to a discussion of the landlords. We saw this afternoon how the minister's heart bled for the landlords just as another minister's heart seemed to bleed yesterday afternoon for the poor milling interests of this country. Under the government's regulations there are unquestionably some landlords who have suffered, and unquestionably a modification should have been made in the rental regulations to take care of these cases of injustice and unfairness. But there is a large group of landlords who will derive high rentals under this order, not because of any investment or increased investment that they have made in their property, but because the value of their properties has risen along with the rising costs of other general commodities. I would say that by and large the landlords have not fared too badly, considering the large group which has been let out completely from underneath controls.

It is rather interesting to find the minister so concerned with the landlord's side of the question. I want to ask him whether he has considered other parties who will be affected. I submit that if the minister has given permission to landlords to raise the rents of those who are on old age pension, of veterans who are subsisting on their pensions and on veterans' allowances, then he is in duty bound, as far as these same people are concerned, to increase their pensions and their allowances by an equal amount.

The minister's action will be the beginning of a whole series of demands across this country for wage increases. Over the week end I had the privilege of meeting representatives of about thirty trade union locals. The meeting was called to discuss a certain subject. That whole meeting resolved itself spontaneously into a protest on the part of the trade unionists present against the government's action of raising rents. The one thing that was emphasized all through this meeting was the determination of those who were officers of trade union locals to press on the first opportunity for wage increases in order to compensate the workers for the increases in rent which they would be required to pay.

This evening the Ottawa *Journal* carries a heading that the increase in rent sparks a demand on the part of civil servants for increased salaries. This morning the Montreal *Gazette* carried the story of the president of the dominion civil servants association, claiming that that organization would be forced to seek higher salaries to offset the increases in rent which the civil servants would be required to pay. That is not a good thing for this country at this time. But the government could not have made any other one single move that would have sparked trade unions across this country, civil servants and others, to go out immediately to demand increased wages.

I am sorry, Mr. Speaker, that this debate does not give every hon. member an opportunity to show by his vote just where he stands on this issue. I am sure that some of the good Liberals from the Toronto ridings would find it very difficult to cast a vote in this house in support of the measure. I want to ask them, in closing, what voice they had as members of the government party in determining or helping to determine this policy which the government has announced. I ask that because during the election campaign the Liberal condidates in Toronto were constantly telling us how much more beneficial it would be for the people of Toronto if they had members sitting on the government benches. I ask those member who are on the government benches tonight what they are doing for their constituents.

Mr. O. L. Jones (Yale): Mr. Speaker, much has been said about rent controls. I have very little to add, except a reply to an hon. member on the government side of the house who suggested that the country is behind the action taken by the government in increasing rents. Let me point out to him that the federation of mayors who met recently in Montreal were most emphatic in their views on rent control. I consider this one of the best bodies in Canada, from the standpoint of gauging public opinion. In it are the mayors of every town across this dominion. They are closely associated with the people in those towns, and their interests are closer to those of the people than the interests of members of parliament here in Ottawa.

Let me quote what they have to say with regard to controls. They say, in part:

> As such, it has no hesitation in saying that the removal of all rent controls, now or in the near future, would produce catastrophic effects for thousands of families throughout the country, and more particularly in those cities where there continues to be a demonstrably large housing shortage.

I would include in those towns both Ottawa and Montreal. Not a single member, to my knowledge, has risen in his place to protest against the condition which will arise in those cities when rents are increased. The statement from the mayors continues:

> It needs no argument to show that the inflation of prices since 1946, particularly affecting real estate, has shot the level of rents for new dwellings out of all comparison with the rents which prevailed over large areas of Canadian cities before the war.

Then, referring to the general shortage of homes they go on to say:

> Until this glaring weakness in the national housing program is rectified, a prospect which is not likely for the near future, it would be a dereliction of responsibility for the government to withdraw from the rental control field.

Then they go on to give an example. It continues:

> No less disturbing is the acute sense of insecurity already engendered in the minds of thousands of tenants by the mere rumour of decontrol, giving rise to the fear of evictions as well as that of having to pay rent beyond their means.

I suggest that those are the true views of the common people of Canada, and not the views as expressed by hon. members who would support the government in what it has done. The mayors are fair in the suggestion they make. They suggest, as did the hon. member for Kootenay West (Mr. Herridge), that a fair increase is due and reasonable, and would be acceptable. Their suggestion is a general increase of 10 per cent and an increase of 5 per cent on low-rental housing, not exceeding $40 a month. With that I would agree. I feel the capital invested in many of the homes now increasing in rents has not been changed for twenty years. It is the original capital. I admit that capital has shown good returns for ten or twenty years; but the same capital today is showing greater returns than it ever did from the inception of the investments, because today the same homes and tenements are in full occupancy.

Already they have been given three increases in rents, and many of the services they formerly gave to tenants are not being given. They are cutting down on repairs, heating and in every way grasping that extra dollar which can be obtained from lowered services. I feel that, in protest against giving these people an added 20 per cent, the condemnation of the whole country has been voiced by the federation of mayors on behalf of the common people of Canada.

Mr. Speaker: Eleven o'clock.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will resume the debate on the budget, in the hope of concluding it and beginning with the budget resolutions.

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

Appendix

BRITISH NORTH AMERICA ACT—PROCEDURE IN AMENDMENTS

FURTHER CORRESPONDENCE WITH PREMIERS OF PROVINCES

Province of Newfoundland
Office of the Premier

St. John's, October 31, 1949

Right Hon. Louis S. St. Laurent, M.P., P.C.,
Prime Minister of Canada,
Ottawa.

Dear Prime Minister:

Tuesday, January 10, 1950, would be for us a suitable date on which to begin the sessions of the dominion-provincial conference to consider a method of amending the constitution in Canada.

J. R. Smallwood

Premier's Office
Prince Edward Island

Charlottetown, October 31, 1949

Right Hon. Louis S. St. Laurent,
Prime Minister of Canada,
Ottawa, Canada.

Dear Mr. St. Laurent:

The date, January 10, 1950, as suggested in your letter of October 29, for a dominion-provincial conference to consider a method of amending the constitution of Canada, will be satisfactory to me.

Yours sincerely,

J. Walter Jones

Office of the Premier
Province of British Columbia

Victoria, October 31, 1949

Right Hon. Louis S. St. Laurent,
Prime Minister of Canada,
Parliament Buildings,
Ottawa, Canada.

My dear Mr. Prime Minister:

I have for acknowledgment your letter of October 29, regarding the dominion-provincial conference.

Please be advised that the date of January 10 will be most acceptable to the province of British Columbia.

With kindest personal regards,

Yours faithfully,

Byron I. Johnson
Premier

Premier's Office
Saskatchewan

Regina, October 31, 1949

Right Hon. L. S. St. Laurent,
Prime Minister of Canada,
Ottawa, Ontario.

My dear Prime Minister:

Thank you for your letter of October 29, suggesting that a dominion-provincial conference to consider a method of amending the constitution in Canada begin its sessions on Tuesday, January 10. 1950.

This date is satisfactory to me, and we will make the necessary arrangements to have our representatives there for this conference. Personally I would have preferred an earlier date in order to give us more time to prepare any questions that might have to be submitted to the legislature when it meets early in the new year. However, I can appreciate the fact that your government will require some time to prepare for this conference, and if you feel that January 10 is the most convenient date, we will most heartily concur in this arrangement.

Yours sincerely,

T. C. Douglas

Office of
The Prime Minister and President of the Council
Ontario

Toronto, November 1, 1949

Right Hon. Louis S. St. Laurent,
Prime Minister of Canada,
Ottawa, Canada.

Dear Mr. Prime Minister:

I have your letter of October 29 in which you suggest Tuesday, the 10th January, as the opening date for the dominion-provincial conference.

This date is satisfactory to me.

Sincerely yours,

Leslie M. Frost

Province of Manitoba
Office of the Premier

Winnipeg, November 1, 1949

Right Hon. Louis S. St. Laurent, K.C.,
Prime Minister of Canada,
Ottawa, Ontario.

Dear Mr. Prime Minister:

I am in receipt of your letter of October 29, 1949, suggesting that the dominion-provincial conference to consider a method of amending the constitution in Canada begin its sessions on Tuesday, January 10, 1950.

Although a week earlier would have better suited the Manitoba representatives, if the date of January 10 is preferred by the other provinces, we shall be quite agreeable to meeting at that time.

Yours sincerely,

Douglas Campbell

Office of the Premier
Alberta

Edmonton, November 1, 1949

Right Hon. Louis St. Laurent,
Prime Minister of Canada,
Ottawa, Ontario.

My dear Prime Minister:

In reply to your letter of October 29, I would advise you that your suggested date of January 10 for the conference in respect to the constitution is quite satisfactory.

Appendix

May I, however, refer to the statement in your letter of September 14 to the effect that if the provincial governments desired a preparatory conference of constitutional experts, you would be ready to have federal officials participate. As I stated in my reply of October 12, the Alberta government favours such a meeting of constitutional experts being held in advance of the main conference.

In view of the many intricate aspects of the matter involved, we believe such a preliminary meeting to be most desirable. We would appreciate being advised as soon as possible in respect to this advance meeting.

Yours very truly,

Ernest C. Manning
Premier

Province of Quebec
Office of the Prime Minister

Quebec, November 2, 1949

Right Hon. Louis S. St. Laurent,
Prime Minister of Canada,
Ottawa.

Mr. Prime Minister:

The members of the provincial executive council have considered today your answer, dated October 29 last, which I received on the 31st of the same month, to my letter of October 26. In that communication I was reaffirming, as I am doing again today, for that matter, the "very clear" stand of the province of Quebec, and I was bringing to your attention the very important work of our provincial legislature.

Quite obviously, the postponement of our legislature's session involves some inconvenience. However, under the present circumstances we feel justified in putting off for some reasonable time the work of our legislature so that the province's delegates may go to Ottawa for the Canadian intergovernmental conference which you intend to convene for January 10 next.

The government of this province has a sincere desire to co-operate, on a fair and appropriate constitutional basis, in the settlement of the vital problems involved.

Sincerely yours,

M. L. Duplessis

The Premier
Nova Scotia

Halifax, November 5, 1949

Right Hon. Louis S. St. Laurent, M.P., P.C.,
Prime Minister of Canada,
Ottawa, Canada.

My dear Prime Minister:

I should like to thank you for your letter of October 3, acknowledging my letter of September 27. Your letter arrived when I was absent from the city, and I did not return to my office until Monday of this week. On that day your further letter arrived, suggesting that the dominion-provincial conference to consider a method of amending the constitution in Canada should begin its sessions on Tuesday, January 10, 1950. That date will be convenient for the Nova Scotia delegation.

Yours sincerely,

Angus L. Macdonald

Canadian National Telegraphs

Fredericton, N.B., November 5, 1949

Right Hon. Louis St. Laurent,
Prime Minister of Canada,
Ottawa.

This will acknowledge receipt of your letter of October 29, suggesting January 10 for the proposed conference on constitutional changes. If the proposed date meets the general convenience, we shall arrange to be represented at that time.

John B. McNair,
Premier of New Brunswick

THE FOLLOWING IS THE TEXT OF A LETTER SENT TO ALL PROVINCIAL PREMIERS

Office of the Prime Minister
Canada

Ottawa, November 7, 1949

My dear Premier:

I wish to advise you that I have now heard from the premiers of all the provinces, and that Tuesday, January 10, 1950, appears to be generally acceptable as a date for the opening session of the dominion-provincial conference to consider a method of amending the constitution of Canada. It is therefore proposed to open the conference in Ottawa at 10.30 a.m. on that date.

As many of the premiers did not feel that a preliminary meeting of constitutional experts in advance of the main conference would serve any useful purpose, my colleagues and I feel we should not attempt to arrange such a meeting.

Yours sincerely,

Louis S. St. Laurent

HOUSE OF COMMONS

Wednesday, November 9, 1949

The house met at three o'clock.

NEW MEMBER INTRODUCED

James MacKerras Macdonnell, Esquire, member for the electoral district of Greenwood, introduced by Mr. George A. Drew and Mr. A. L. Smith.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

HOUSING—VETERANS IN GREATER WINNIPEG

Mr. Knowles:

In the allocation of houses to veterans in the Greater Winnipeg area, how many exceptions have there been, since January 1, 1947, to the rule that to qualify for such a house a veteran must have had overseas service, be married and have two children?

Mr. Winters: The rules governing the allocation of veterans' rental houses do not require that a veteran have overseas service and two or more children. Houses are allocated to suitable applicants in accordance with a point score. The grid rating by which applications are scored recognizes such factors as: Length of service in world war II both in Canada and overseas, a heavier weighting being given to service overseas, war service disability, number and age of children, other dependents, dispersed families, pending or actual eviction, condition and suitability of present accommodation, suitability as a tenant.

There is an overriding rule that houses will not be allocated to veterans with only one child while there are outstanding applications from qualified veterans with two or more children. In cases where the circumstances are very exceptional, however, as in the case of a disabled veteran with only one dependent, exceptions have been made to this two-children rule. Nineteen such exceptions were made in the greater Winnipeg area in the course of making 2,392 allocations since January 1, 1947.

NEWFOUNDLAND—PUBLIC WORKS—ARCHITECTURAL BRANCH STAFF

Mr. Browne (St. John's West):

1. What staff is now employed by the architectural branch of the Department of Public Works in Newfoundland?
2. What are the names of those employed?
3. What salary is paid to each?

Mr. Fournier (Hull):

1, 2 and 3.

Name—Position—Salary per annum.

Hopkins, L. W., district architect, grade 2, $4,740; Brown, D. R., typist, grade 1, $1,500; Lawlor, T., caretaker, grade 6, $2,400; King, S., caretaker, grade 3, $1,920; Martin, T., caretaker, grade 3, $1,920; Redmond, M. F., caretaker, grade 3, $1,920; Fowlow, W. T., caretaker, grade 3, $1,920; Clarke, H., caretaker, grade 2, $1,560; Poole, A., caretaker, grade 1, $1,500; Hiscock, G., caretaker, grade 1, $1,260; Boland, J., caretaker, grade 1, part-time, $680; Burke, A., caretaker, part-time, $480.

RADIO RECEIVING LICENCES

Mr. Hodgson:

1. How much money was collected for radio licences in 1946, 1947 and 1948?
2. What was the cost of collecting same?
3. What were the inspectors' salaries, including expenses?
4. What were law and court costs for delinquent radio taxpayers?

Mr. Chevrier:

1.

1946-47	$4,099,795.14
1947-48	$4,398,495.86
1948-49	$4,670,342.65

2.

1946-47	$ 544,673.17 (including $307,169.20 commissions)
1947-48	$ 570,505.55 (including $326,695.25 commissions)
1948-49	$ 611,918.76 (including $341,982.00 commissions)

3. It is pointed out that inspectors are not private receiving station licence issuers. Commissions were paid to issuers as above indicated.

4.

Legal fees payable by the department

1946-47	$ 796.66
1947-48	$1,815.17
1948-49	$1,538.49

Fines and court costs, payable by delinquents

	Fines	Court costs
1946-47	$40,478.25	$36,730.90
1947-48	$33,882.35	$39,595.50
1948-49	$35,677.90	$38,472.73

Questions

GOVERNMENT ANNUITIES

Mr. Smith (Queens-Shelburne):

1. When was the annuities branch of the Department of Labour established?
2. Have the rates of interest paid on deposits, in respect of annuity contracts, and the maximum amount of annuities purchasable, been changed since that date?
3. If so, in what years and to what extent?
4. What profit or loss was shown by the annuities branch (a) for the year previous to the last date of change of rate; (b) for the year following?
5. Do these profits or losses take into consideration office and administrative expenses?
6. What is the estimated total of office and administrative expenses annually?
7. Are government annuities considered to be a part of Canada's social security program?
8. How many government annuity contracts were in effect at the end of (a) 1938; (b) 1948?

Mr. Cote (Verdun-LaSalle):

1. The Government Annuities Act was passed in 1908, and came under the administration of the Department of Trade and Commerce. In 1912 it was transferred to the Post Office Department, and in 1922 to the Department of Labour.

2. Yes, there have been changes since 1908.

3. Interest rate for new contracts changed from 4 per cent to 3 per cent in April, 1948. Maximum annuity purchasable originally was $600. Increased to $1,000 in 1913; increased to $5,000 in 1920; reduced to $1,200 in 1931.

4. *(a) Loss, fiscal year 1947-48, $331,857. (b) Loss, fiscal year 1948-49, $609,541.**

Note: *The loss in 1947-48 resulted from the number of deaths during the year being less than anticipated under the rate structure. In 1948-49 the death rate was considerably lighter than in the previous year. Consequently, the loss was greater. It might be added that the losses shown apply to vested contracts under old rates.

**Calculated on same basis as previous year. The actual amount transferred to maintain annuities reserve was $11,408,468, in order to value old business on same mortality basis as 1948 premiums.

5. No.

6.

Fiscal year	Total administrative expenses
1944-45	$353,556 72
1945-46	400,961 51
1946-47	566,968 04
1947-48	665,622 45
1948-49	754,606 00

7. Yes.

8. (a) 33,685; (b) 210,935.†

Note: †Includes 92,063 certificates under group plans.

[Mr. Chevrier.]

NORTHERN LABRADOR TRADING OPERATIONS

Mr. Higgins:

Has Canada assumed responsibility for the operation known as northern Labrador trading operations?

Mr. Maybank: No.

PAYMENTS TO NEWFOUNDLAND FOR RAILWAY EQUIPMENT, ETC.

Mr. Higgins:

What was the amount by which Newfoundland was reimbursed for payments made before March 31, 1949, for railway equipment not delivered until after March 31, 1949?

Mr. Higgins:

What was the amount by which Newfoundland was reimbursed for payments made by Newfoundland for buildings and R.C.A.F. equipment at Gander airport?

Mr. Higgins:

How much was paid to Newfoundland for (a) S.S. *Bar Haven;* (b) S.S. *Springdale*?

Mr. Higgins:

What was the amount paid to Newfoundland in respect to expenditures made by Newfoundland at Gander airport for conversion of buildings to civil use, runway improvements and the replacement or expansion of plant and equipment between April 1, 1945 and March 31, 1949?

Mr. Chevrier: The four preceding questions, standing in the name of the member for St. John's East (Mr. Higgins), are questions upon which the Department of Transport has not information available, nor can it have the information before the end of this year. Under the circumstances, would the hon. member drop the questions?

Mr. Speaker: Questions dropped.

ONTARIO HIGHWAYS—HEARST-GERALDTON-FORT WILLIAM

Mr. Bradette:

1. Did the federal government, during the years 1939 to 1945, spend money on or contribute money for construction on any portions of Ontario provincial highway No. 11, between Hearst, Geraldton and Fort William, of the province of Ontario?

2. If so, what amount was contributed?

3. Under what authority was such money paid?

4. If it was granted under the War Measures Act, was there any agreement with the province of Ontario and the federal government for the construction of that highway?

5. What was the ratio of expenditure of the two respective parties?

Mr. Maybank:

1. Yes.

2.

1938-39	$354,971.36
1939-40	432,302.41
Total	$787,273.77

3. Authority for 1938-39 payments was order in council P.C. 1661, of July 13, 1938, issued under the terms of the Unemployment and Agricultural Assistance Act, 1938.

Authority for 1939-40 was order in council P.C. 1483, of June 15, 1939, issued under the terms of the Unemployment and Agricultural Assistance Act, 1939.

4. Answered by No. 3.

5. Equal expenditures were made by the two respective parties.

R.C.A.F—CHATHAM, N.B., STATION—COAL

Mr. Brooks:

1. Were tenders called for the supplying of coal for the R.C.A.F station at Chatham, New Brunswick?

Questions

2. If so (a) what tenders were received, showing names and amount of each tender; (b) which tender was accepted; (c) what is the quality of coal provided under the tender; (d) what quantity of coal was required?

3. Is the price for coal under above contract f.o.b. cars Chatham or delivered in stock piles, or bins, to the R.C.A.F. station?

4. If f.o.b. cars, were tenders called for the trucking from railway station to R.C.A.F. station?

5. If tenders were called, what are the names of individuals who tendered, and the amount of each tender?

6. Who received the contract?

Mr. McIlraith:

1. Yes.

2. (a) Twelve quotations were received from eight firms, as follows:

—	Type	Price per ton f.o.b. cars	Cost per M.B.T.U.	Price per ton f.o.b. stockpile, and/or bins	Cost per M.B.T.U.
Intercolonial Coal Co. Ltd., Westville, N.S.	Drummond	$9.55	$0.395		
Indian Cove Coal Co. Ltd., Sydney Mines, N.S.	Indian Cove	9.75	0.479		
S. Cunard & Co. Ltd., Halifax, N.S.	Bras D'Or	10.30	0.418	$12.30	$0.500
Rogers Montreal Ltd., Montreal, P.Q.	Franklin Bras D'Or	10.39	0.407	11.19	0.439
Dominion Coal Co. Ltd., Moncton, N.B.	Acadia	10.55	0.418		
Dominion Coal Co. Ltd., Moncton, N.B.	Dominion	11.55	0.445		
Rogers Montreal, Ltd., Montreal, P.Q.	Lumpstead Penn., U.S.A.	11.59	0.431	12.39	0.460
Eastern Coal Co. Ltd., Saint John, N.B.	Indian Cove	12.49	0.612	13.95	0.685
H. B. McDonald, Chatham, N.B.	Acadia			12.00 S.P. 12.50 bins	0.475 0.495
W. S. Loggie Co. Ltd., Chatham, N.B.	Acadia			12.50 S.P. 13.00 bins	0.495 0.515
H. B. McDonald, Chatham, N.B.	Sydney			13.00 S.P. 13.50 bins	0.501 0.520
W. S. Loggie Co. Ltd., Chatham, N.B.	Sydney			13.50 S.P. 14.00 bins	0.520 0.539

(b) The quotation submitted by Rogers Montreal Limited at $11.19 per ton, f.o.b. stockpile or bins was accepted. Calculated on a B.T.U. basis, this quotation was the second lowest received, f.o.b. cars. The lowest received, that submitted by Intercolonial Coal Company Limited, was for coal, the ash content of which was 18·4 per cent or 4·4 per cent in excess of the maximum allowable by the Department of National Defence. Having regard to the cost of storage by individual contractors, it was considered more economical to purchase on a f.o.b. stockpile or bins basis for which kind

of delivery Rogers Montreal Limited submitted the lowest quotation calculated on a B.T.U. basis.

(c) Coal, bituminous, nut slack 1¼". The "as received" analysis given in the successful tender was as follows: Moisture, 3·50 per cent; Ash, 10·52 per cent; Volatile matter, 35·55 per cent; Fixed carbon, 53·93 per cent; Sulphur, 3·93 per cent; F.P.A., 2·040 degrees F.; B.T.U., 13,207.

(d) 3,000 tons.

3. 4, 5 and 6. Answered by 2(b) above.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CIVIL SERVICE—APPOINTMENTS SINCE JANUARY 1, 1949—VETERANS

Mr. Diefenbaker:

1. How many appointments, by provinces, have been made to temporary and permanent positions in the civil service since the 1st of January, 1949?
2. Of those, how many, by provinces, were veterans?

Mr. Bradley: Return tabled.

NATIONAL FILM BOARD—STILLS

Mr. Fraser:

1. How many stills or photographs were taken, developed and printed by the national film board during the period January 1 to September 30, 1949?
2. What size were these stills?
3. How many were sold and at what prices were these different sizes sold?

Mr. Winters: Return tabled.

BENTINCK ISLAND, B.C., LEPER STATION

Mr. Pearkes:

1. How many patients are cared for at the leper station, Bentinck island, British Columbia?
2. How many attendants and other persons are employed at Bentinck island, and what are their salaries?
3. What was the cost of maintaining Bentinck island, including heating, lighting, etc., during the past year?
4. What improvements have been made in the accommodation, lighting plant and landing stage during the last two years?
5. What was the cost of these improvements?

CERTIFICATES OF NATURALIZATION

Mr. Pearkes:

1. How many certificates of naturalization have been issued under P.C. 5842, dated July 9, 1942, to (a) aliens serving outside Canada with the naval, military and air force services of Canada; (b) aliens residing in Canada?
2. What is the minimum time of residence in Canada required before the certificate of naturalization is issued to aliens residing in Canada, under P.C. 5842?

Mr. Bradley: Return tabled.

[Mr. McIlraith.]

COMBINES INVESTIGATION ACT—FLOUR MILLING INDUSTRY

Mr. Coldwell:

1. What was the price of flour and millfeed in Canada prior to the post-war decontrol of these products?
2. At what date was the investigation into the flour industry started with the approval of the Right Hon. J. L. Ilsley, then minister of justice?
3. What was the price of flour and millfeed on the date the above investigation was started?
4. Were reductions made in the price of flour and millfeed subsequent to this date?
5. If so, when, and of what amount were they?

HEALTH AND WELFARE—EXPENDITURES BY GOVERNMENT AND OTHER AGENCIES

Mr. Knowles:

1. What was the total amount expended in Canada on health and welfare by (a) the federal government; (b) the provincial governments; (c) municipal authorities; (d) voluntary and other organizations, in 1930, 1935, 1938, 1940, 1942, 1944, 1946 and 1948?
2. What is the anticipated expenditure on health and welfare by (a), (b), (c) and (d) as above, for 1949 and for 1950?
3. What main items are included, and what are the amounts for each such main item, in the answers to questions (1) and (2) above?

CANADIAN NATIONAL RAILWAYS

REFRIGERATOR CARS FOR SHIPMENT OF P.E.I POTATOES

On the orders of the day:

Mr. J. W. MacNaught (Prince): In view of the fact that I have received many telephone calls and telegrams from Prince Edward Island concerning the acute shortage of refrigerator cars, will the Minister of Transport make a statement about that situation?

Hon. Lionel Chevrier (Minister of Transport): There is not a great deal I can say, other than that the hon. member for Prince (Mr. MacNaught) and the hon. member for Queens, P.E.I., (Mr. Douglas), both spoke to me and are apprehensive about the situation. The position at the moment is that from the first of September to the first of November, 1949, there were 621 refrigerator cars available for the movement of potatoes. These were shipped from Borden to Tormentine and handled on the car ferry. This compares favourably with 1948, when there were 592 such cars. This morning I was informed that 111 cars are now on the island; 238 have been earmarked for movement there from such points as Tormentine, Sackville, Moncton, Truro, Napadogan, Edmundston and Joffre. There are 70 more that are to be moved to the area. The Canadian National Railways are familiar with the position and have it in hand.

EXTERNAL AFFAIRS

OPPORTUNITY FOR DISCUSSION—CANADA'S SECURITY FROM ATTACK

On the orders of the day:

Mr. T. L. Church (Broadview): I should like to ask the Prime Minister the following questions: (1) Can he soon name part of a day to deal with external affairs? (2) No diplomacy can match the atomic menace; (3) Canada should know soon what security it has from attack, notwithstanding the United Nations organization.

Right Hon. L. S. St. Laurent (Prime Minister): The hon. member sent me notice of his questions, one of which is in the form of a question and the other two seem to be assertions. No. 1 is, "Can he soon name part of a day to deal with external affairs?" I am not yet in a position to say definitely that the Secretary of State for External Affairs (Mr. Pearson) will be here on the 16th and 17th of this month, but we are endeavouring to arrange that. Yesterday I promised to make an announcement in the house as soon as the arrangements in New York can be completed. No. 2 is, "No diplomacy can match the atomic menace". This is an assertion with which I am not going to quarrel. No. 3: "Canada should know soon what security it has from attack, notwithstanding the United Nations organization". I hope Canada will be able to ascertain what security it has, and that it will be satisfactory security, but it is not a question I can answer.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Wednesday, November 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, and the amendment thereto of Mr. Rowe.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, before proceeding to deal with the subject which I propose to discuss today, I should like to state the Social Credit position on the Conservative amendment. We take no exception to the wording of it. We support the proposal for an early commonwealth conference for the purpose of working out an arrangement for expanding our markets in sterling countries.

The Conservative position on important matters of trade, as made apparent by their spokesmen, seems to be based upon two principles which to us are fallacies. The first of these is the convertibility of currency. The hon. member for Acadia (Mr. Quelch) demonstrated on November 1 how utterly unrealistic it is to talk about multilateral trade based upon the convertibility of currencies in a world in which there is an unbalance of no less than $6 billion between the sterling and dollar areas. The second fallacy appearing in the Conservative case is that all exchange controls should be abolished, and that money should be allowed to find its own value. This would mean that the value of money would be determined by speculation rather than by its real purchasing power.

Social Crediters have always felt that this Conservative proposal is based upon the false concept that money is a commodity that should be bought and sold like rice or beans. Social Crediters contend that such a concept lies at the root of human misery. We shall vote for the Conservative amendment. We support it for what it says, but we do not in any way subscribe to the technique which the Conservatives might propose at the commonwealth conference in question, if that technique is based upon the fallacies I have mentioned.

So much having been said about the Conservative amendment, may I turn to the discussion of the need for federal aid for education in the provinces of Canada. The other day I received from my constituency a letter which contains a passage which I believe will serve as a point of contact, so to speak, for what I have to say. It comes from Barnwell, Alberta. It is signed by the principal of the school there; part of it reads as follows:

> In Barnwell, where I am in a position to know as principal of the school, at least 33 per cent of the children attending our school come from families paying no taxes for education except a $4 annual poll tax (these people being beet labourers, not owning land). This places a tremendous burden on our taxpayers to maintain full school advantages. In fact they find it is almost impossible to do so. Governmental aid seems to be the only solution to our problem.

Before continuing with that, may I say that the schools in my constituency are overburdened because of the influx of people from two sources. One of these is the displaced persons, who seem to be dumped in my constituency rather generously; the other is the Japanese, who were brought in from British Columbia and dumped in that area. Both types of people, while I have complete respect for them, have kept the commandment of the Lord to multiply and replenish the earth. The result is that throngs of their children go to our schools. While they are quite welcome there, it does throw a heavy burden on our educational facilities.

May I point out that both these abnormal conditions are the result of federal control and federal policy over which the province has no power or control whatsoever.

As to federal aid for education, there are a number of considerations which in my judgment weigh with considerable importance in regard to this matter. There are widely varying economic conditions and financial circumstances prevailing in the provinces throughout Canada. Suppose that we assume that the people of any one province are just as eager to educate their children as are the people of any other province. Then we must gather a considerable amount of sobering information concerning the financial conditions and economic conditions in the various provinces from a contemplation of the figures which I shall read to the house and endeavour to have put on *Hansard*. These figures are drawn from a document which I look upon as being completely authentic. May I read them? They are from page 7 of a publication called "Wealth, Children and Education in Canada", by K. F. Argue, associate professor of education, university of Alberta, a document prepared for presentation to the national convention of the Canadian Teachers Federation at Vancouver, August 13-17, 1945. It is not completely up to date, but it is near enough to give us a fairly good picture of the situation confronting Canadians in various parts of Canada:

Financial provision per unit of educational need in the Canadian provinces.

1936 and 1941

(Stated in terms of dollar values August 1, 1939)

	1936	1941
Prince Edward Island	$16.87	$14.29
Nova Scotia	22.35	22.70
New Brunswick	18.58	19.74
Quebec	20.25	22.86
Year average—maritimes and Quebec	$20.26	$22.34
General average—maritimes and Quebec	Approximately	21.00
Manitoba	$31.43	$35.37
Saskatchewan	25.87	32.85
Alberta	38.98	39.41
Year average—prairie provinces	$31.05	$35.70
General average—prairie provinces	Approximately	33.00
Ontario	$45.43	$46.87
British Columbia	47.18	49.61
Year average—Ontario and B.C.	$45.70	$47.30
General average—Ontario and B.C.—	Approximately	46.50
Canada: Year averages	32.73	34.00
General average for dominion—	Approximately	33.00

[Mr. Blackmore.]

Expenditure recommended by the C.N.E.A. survey committee for a very moderate and practicable advance in education	Approximately $67.00

May I just give a little attention to those figures. Hon. members will not be able to recall them readily, but I will mention one or two. They will notice that the report says that the amount which ought to be spent for a general average Canadian education is $67. The general average for the maritimes and Quebec is $21; for the prairie provinces, $33; for Ontario and British Columbia, $46.50. It cannot be seriously entertained—

Mr. Coldwell: Has the hon. member the figures broken down for Ontario and British Columbia?

Mr. Blackmore: No, I have not. Ontario is $45.43 and $46.87; and British Columbia is $47.18 and $49.61.

Mr. Coldwell: British Columbia is a little more.

Mr. Blackmore: Yes. It cannot be seriously entertained, or even pretended, that the people of Ontario are any more desirous of giving their children a good education than are the people of Quebec or Nova Scotia. I think every hon. member would be disgusted at the very thought of such a notion. Then we must conclude that the reason why the maritimes are able to provide so little for their children is simply that they lack the financial and economic set-up in their provinces with which to supply the needed support for education.

I quoted from the C.N.E.A. Hon. members will be entitled to know what this C.N.E.A. is. Dr. F. Cyril James, principal of McGill university and chairman of the advisory committee on reconstruction, requested the members to survey the Canadian educational scene in 1943. The members were:

1. The president of the Canada and Newfoundland Educational Association, who is also director of Protestant education for the province of Quebec.

2. The French secretary and deputy minister of education for the province of Quebec.

3. The director of education for the province of New Brunswick as representative of the maritime provinces.

4. The deputy minister of education for Ontario.

5. The deputy minister of education for Alberta as representative of the western provinces.

6. A representative of the Canadian Teachers Federation.

7. A representative of the Canadian National Federation of Home and School.

8. The director of the Canadian Association for Adult Education.

I submit, Mr. Speaker, that if those gentlemen were not able to discover the truth, it must be extremely difficult indeed to discover it.

There is a good deal to be said concerning the general inadequacy of Canadian educational provisions. It was found by this committee that Canada's typical teacher in 1941 was a single lady with a grade X, XI or XII education, plus a course of from six to eight months in normal school. About one Canadian teacher in six had a university education. Those who had such an education almost invariably taught in secondary schools. Canada had approximately 70,000 teachers in those days. In 1941 she paid each of the 35,000 of those teachers $782 a year, or less than $15.04 a week. She paid each of 17,500 of them less than $537 a year, or $10.05 a week. Just imagine a young girl or boy teaching school for that amount of money and hoping to repay a loan for education, or hoping to save up for higher education! Or just imagine a young man trying to save up to get married!

As a contrast to this state of affairs, Canadian Breweries in 1941 paid salaried employees an average income of $50 a week, as against $10.05 for the teacher. Canadian Breweries paid wage earners an average weekly wage of $29. That is almost three times as much per week as was paid to the 17,500 teachers whom I mentioned a moment ago.

Here are the median salaries of Canada's teachers in 1941 by provinces: Prince Edward Island, $422 a year. May I pause to explain that median, as hon. members know, means the average. It means that 49·9 per cent of the teachers received less than the figure which I just mentioned. Nova Scotia, $627 a year; New Brunswick, $588; Quebec, Protestant, $1,247; Quebec, Roman Catholic lay teachers, $318, religious orders, $479; Ontario, $1,055; Manitoba, $748; Saskatchewan, $710; Alberta, $881 and British Columbia, $1,321. The median for Canada was $782 a year. As I said before, 49·9 per cent of the Canadian teachers in these respective provinces received less than the amounts which I have mentioned.

Mr. Brooks: May I ask the hon. member whether he is bringing these salaries up to date? I know that some have been increased by as much as three times the figures which he gave.

Mr. Blackmore: Probably I went a little too fast. I mentioned that this is the 1941 picture. The hon. member for York South (Mr. Noseworthy) put some figures on the record bringing them up nearer to date; but I think the disparity which exists between any two provinces in Canada will be just about comparable with the disparity which existed between any two provinces in 1941. What I am endeavouring to bring out is not so much the meagre income which is being paid our teachers as the fact that the amount which the people are able to give their teachers in the varying provinces differs very greatly as from one province to another.

The Canadian average per pupil in attendance was $59. The British Columbia average was $84. The Canadian average per pupil enrolled was $50. The British Columbia average was $73. The Canadian average per child between five and nineteen was $33. The British Columbia average was $46.50. I do not mention these figures just to show how much better British Columbia is doing than the other provinces. If the average British Columbian were asked if that province were paying enough to the teachers in that province he would say without hesitation: We undoubtedly are not; we should be able to pay our teachers far more than we are paying them. Nevertheless British Columbia has been able to pay more than the other provinces have been paying. Contrast that with what Prince Edward Island can pay, and you will see the truth of the general statement I have made that there is a wide range of economic and financial circumstances facing the people in the various provinces of Canada.

From an editorial in *Maclean's* magazine prior to November 1, 1944, entitled "Education in Canada needs more money," I quote the following words, which constitute a sad commentary on the figures which I have given:

> "In Ontario the average cost of keeping a person in jail is $536.55 per year."

In other words we are paying more to keep a man in jail than we are paying a large percentage of our teachers in Canada.

The financial responsibilities of the provinces are very heavy. I do not know that I have been very happy about the relative inability of some people to appreciate these facts. Let me mention that once more for the sake of hon. members and people throughout the country. The provinces of this dominion have many responsibilities placed upon them, and very little substantial provision for means of obtaining the money with which to discharge those responsibilities.

Here are some of the costly responsibilities which rest upon the provinces according to the British North America Act: They have to take care of roads, which entail a colossal

expenditure, especially in these times of motor transport. They have to take care of the forests, irrigation,—at least that was the general idea until very recently—public welfare, old age and blind pensions. Of course we recognize that the dominion is contributing in relation to the last mentioned item. But the general argument I am advancing is that the dominion must contribute to education also.

The provinces must take care of indigent relief, mothers' allowances, child welfare and mental patients. For example, Alberta alone on December 31, 1947, had 3,201 mental patients. I would imagine that that is a figure comparable with what would be found in other provinces. The provinces are charged with assistance to municipalities. They are charged with public health and hospitalization.

To offset these great financial responsibilities the revenue sources of the provinces available to them are unstable and grossly inadequate; especially is this the case in the western provinces and in the maritimes.

May I turn to my own province, with which I am naturally more familiar than I am with other provinces, much as I am interested in the welfare of the other provinces. In the year 1947-48 we had a revenue of $57,692,728.60. Our total expenditures for that same year were $50,952,244.84. Here is the way that the Alberta government saw fit to apportion that expenditure: To education they gave $7,695,352.45, $9.58 per capita, 14·2 per cent of the revenue and 20·8 per cent of the expenditures. To public health and welfare they gave $13,298,299.97; to highways and bridges they gave $12,950,284.60; to public buildings and other public works, $1,901,643.02. To administration of justice they gave $938,673.69. Expenditures for agriculture amounted to $1,088,281.71. I submit, Mr. Speaker, that it will require very careful study to show how any one of these expenditures could be decreased. There is a tremendous demand for public health and welfare services, and for highways and bridges. Public buildings must be taken care of, and also the administration of justice. Expenditures for agriculture are very important, because through them the increase in the production of the province is taken care of. Hon. members can see what the province of Alberta faced financially in the year 1947-48.

It will be argued that at the present time Alberta has additional revenue coming from the oil industry. We will all grant that, but it must be borne in mind that any sound administration caring for a province must look to the future. I think that any group of men taken from this house would act in the same way as do the people who are in charge in the province of Alberta so far as looking to the future is concerned. The province of Alberta will look back to the years that have passed. They will recall that during the years 1930 to 1935 the province was put into debt to the extent of $51 million. That was not because of any careless administration. That was because of the needs of the needy. If another depression comes along the province will probably be faced with a similar outlay and a similar debt. How many years could a province like Alberta survive under such a state of affairs? Surely it is the part of wisdom to provide for any such contingency as the onset of a depression, when the province knows so well the most precarious financial system under which we are operating!

In 1935 the province was under a very heavy debt. We owed something like $167 million gross. It was almost enough to destroy us. It was costing close to fifty cents out of every dollar of our taxation to service the debt alone. Will any group of intelligent men from any party whatsoever in any province of Canada reason that when we have the opportunity to pay off such a debt as that, we should not take the opportunity?

Alberta has wisely assumed that the proper thing to do is to lay by for a rainy day. They see a rainy day coming before very long. If the rainy day does not come, it will still be a fine thing to have a little reserve on hand to take care of what might be a painful situation. So we cannot really say that Alberta should appropriate any of the moneys she is taking in from the oil industry for the servicing of education at the present time. At the same time, however, even if it were proposed that she should spend money from her oil revenues for education, judging from articles appearing in the newspapers published in that province she ought to be spending a lot more money on roads and highways; she ought to be spending more money in helping to finance municipalities; she ought to be spending more money on irrigation, and ought to be spending more money on this, that and the other thing.

Hon. members will realize that in a democracy, the provincial government has to be susceptible to the influence of public opinion, just as does any other government. It becomes difficult for a province, from almost any angle, to appropriate a larger percentage of provincial revenues to the support of education.

Hon. members will be interested in what Alberta has done for education. These figures tend to show how the provinces are manfully standing up to the task. In Alberta the total expenditure for education in 1934-35, which was during the depression years, was $2,269,286.41; in 1939-40, it was $2,850,214.09 and in 1944-45, it was $4,072,402.65. In 1948-49 the estimated amount is $9,829,000.

It must be obvious to anyone that Alberta is endeavouring to do all it can for education. Then, grants to schools in 1934-35 amounted to $1,391,020, in 1939-40 they were $1,763,768; in 1944-45 they were $2,717,700, and the estimated amount for 1948-49 is $5,700,000. Once more the province is doing all that one could logically expect for education.

Grants per pupil in 1934-35 amounted to $8.28; in 1939-40, $10.76; in 1944-45, $17.81, and the estimated amount for 1948-49 is $36.65.

The total grant to the university of Alberta in 1934-35 was $386,250; in 1939-40 it was $425,000; in 1944-45, $602,500, and the estimated amount for 1948-49 is $1,170,900, plus a capital sum for new buildings amounting to $1,369,800.

The institute of technology and art received in 1934-35 the sum of $64,438.41; in 1939-40, $79,238.23; in 1944-45, $63,796.12, and the estimated amount for 1948-49 is $197,613.

I mention those figures from my own province to show that the provinces are doing the very best they can with the means at their disposal. Even at that they must fall far short of providing the support for education to which the average Canadian boy and girl is entitled.

I said a while ago that the province has only meagre and unstable sources of financial revenue. Let us turn from the provincial to the federal field. In the first place the federal government has access to the whole credit of Canada, through section 91 (3) of the British North America Act, which makes provision for the raising of money by any mode or system of taxation. No reservation is made; the dominion is free to take money wherever she wishes. Furthermore, the dominion is capable of borrowing money on the public credit of all Canada. Currency and coinage is in the hands of the dominion, as are banking, the incorporation of banks, and the issue of paper money.

There will be those who will argue that these are responsibilities rather than sources of revenue. I suggest that attitude is entirely false. Those sources of revenue—currency and coinage, banking, the incorporation of banks and the issue of paper money—constitute probably the most important single source of revenue available in Canada. But it is locked up with the federal government, because the British North America Act precludes the provinces from gaining access to money through use of those means.

I believe I have said sufficient to show that the only possible solution of the education problem facing us must be found through federal aid to education, in every province. It seems to me that the child growing up in Prince Edward Island has the right to as good an education as the child born in any other province. There is only one way in which we can guarantee to each child that he shall have those privileges of education which are his birthright, and that is through federal aid to education.

I shall be asked what I would do about education in provinces which may desire to have privately-owned schools. My answer would be that the money should be issued to the provinces as a definite grant, without any earmarks, and with no strings attached. A province as wise in the management of money in respect of those obligations placed upon her as Alberta has shown herself to be—as indicated by the figures I placed on *Hansard* a few moments ago—can safely be trusted with any moneys a federal government may think it appropriate and just to give that province. She will spend the money advanced by the federal government just as wisely as she spends the money derived from her own sources of revenue.

We need not endeavour to interfere with the way the provinces used the money put at their disposal. They will take care of that. I believe such money should be advanced on a per capita basis, regardless of the religious affiliation of the child concerned. The money would be granted for the education of a Canadian child, wherever that child may be, or in whatever circumstances it may live.

I urge once more that the federal government take into serious consideration the granting of generous allotments of money to each of the provinces not later than next year to support them in their endeavour to have a suitable educational system.

Mr. D. A. Riley (Saint John-Albert): Mr. Speaker, I feel it to be my bounden duty to take advantage of the latitude allowed by the budget debate to bring to the attention of the house a matter of vital interest and grave concern to hundreds of thousands of citizens in the Atlantic provinces of New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland.

It was at the historic city of Quebec in the year 1864 that the fathers of confederation met in solemn assembly to deliberate, among other things, upon the inducements for the provinces of New Brunswick, Nova Scotia and Prince Edward Island to unite with Canada in forming that which was later to become what we Canadians with some considerable justification hold out to be the mightiest unit in the British commonwealth of nations.

Although the deliberations of the Quebec conference were not open to the public, and although no completely official minutes of

the proceedings of that body are in existence today, nevertheless it was later disclosed to the people along the Atlantic seaboard that there was a clear and distinct understanding among the delegates representing the provinces of New Brunswick and Nova Scotia on the one hand and Canada on the other that the federal government to be set up as a result of the proposed confederation would take upon itself certain definite responsibilities. Not the least of those responsibilities was the construction of a canal through the isthmus of Chignecto, a narrow strip of land some eighteen miles in width at its narrowest point and connecting the provinces of New Brunswick and Nova Scotia.

Despite the absence of an official record of the deliberations of the Quebec conference there is ample evidence on the unquestioned records of this house and of yet another place that the construction of what at that time was referred to as the proposed Baie Verte canal occupied a prominent role during those discussions. Although not a condition of confederation, it was nevertheless so clearly expected to be one of the first projects to be undertaken by the central government that the delegates from the easterly maritime provinces were completely satisfied that it formed an integral part of the considerations for their entering into the union contract.

On April 8, 1876, Mr. Burpee, the member for Sunbury in my own province, spoke on the floor of the House of Commons as follows:

> The two great improvements spoken of in New Brunswick before the union were the intercolonial railroad and the Baie Verte canal. The intercolonial was made a condition of confederation, and although the canal was not, it was understood it was also to be constructed.

Mr. Burpee did not hesitate to say that if the people of New Brunswick had not been satisfied that this point was settled and that the construction of the Baie Verte canal would be proceeded with, they would have never consented to the union.

Again on May 7, 1886, the late Senator Dickey, one of the fathers of confederation and the illustrious great-grandfather of the hon. member for Halifax (Mr. Dickey), who sits in front of me in this house, again raised the question of this same canal when he said:

> It was an undertaking which was agitated in the provinces of New Brunswick, Nova Scotia and Prince Edward Island for half a century. It received the sanction of every governor and every military commander to whom it was referred during the whole of that period, and it became one of those things that had to be done. At all events the provinces very strongly urged it, and when the Quebec conference took place in 1864 it was then distinctly agreed and understood that this Baie Verte canal across the same isthmus dividing the two provinces should be constructed by the dominion, because, as the house will recall, these three small provinces, in their disunited state, could not grapple with a work of that magnitude.

I shall not at this time delve too deeply into the tragic details of the efforts put forward in promoting this project. Generations of maritimers have gone to their graves bewildered and disillusioned over the failure of the federal authorities to carry out this undertaking so necessary for the development of the Atlantic provinces. Down through the years since confederation this question has been raised and discussed on the floor of this House of Commons. Time after time parliament has been made conscious of its obligations in this regard. Commissions have been appointed; surveys have been conducted, and without exception they have determined the engineering feasibility of this canal.

On at least two occasions, when it seemed that its construction would most certainly be proceeded with, it was decided that the economic conditions of the times did not warrant the expenditures necessary to carry out the work. This despite the fact that during one of those periods, between 1930 and 1935, unemployment was rife in this country, and a project of this nature not only would have fed thousands of hungry mouths but would have assisted materially in the economic recovery of the Atlantic provinces. Surely such an excuse cannot be put forward today.

During the present century industrial development in the maritime provinces has lagged behind that of other sections of Canada. Although the investment of capital has increased in our provinces, and although production has reached a much higher level, we have nevertheless obvious geographic disadvantages. Because of transportation handicaps it is not possible for us to ship our products to the populous markets of our country so as to compete favourably with the products of the industries of central Canada. Should the building of a canal through the isthmus of Chignecto be proceeded with at this time, the Atlantic provinces would be placed in a much more favourable economic position, and their economic development, so long and so unnecessarily retarded, would be ensured. Old industries would be revived; new industries would spring into being, and coastwise trade in small vessels would flourish. The potatoes and fish products of Prince Edward Island could be shipped by small vessels to the east coast of the United States. The wood products of the north shore of our own province of New Brunswick could be similarly shipped to the port of Saint John for transshipment to the markets of the world in ocean-going vessels, as would also the various products from the north shore of Nova Scotia. At

the present time it is necessary for those products either to be shipped by rail at prohibitive cost or to travel by water via a circuitous, costly and hazardous route in order to reach their destination.

With the advent of the grand province of Newfoundland into confederation, and the exploitation of the iron ore deposits in Labrador a distinct probability, it is easy to envision that part of this ore will be shipped to eastern United States ports. The water route from the St. Lawrence to the eastern coast of the United States would be shortened some 400 miles by the construction of the Chignecto canal, as it has now come to be known.

I shall leave to other occasions and to other hon. members of this house who intend to record their wholehearted support of this project a more detailed description of the advantages that the Chignecto canal will bring to constituencies other than my own and to the nation as a whole. The citizens of my constituency have long urged the building of this canal, because to them its advantages are obvious and manifold. The great seaport of Saint John—spelled S-a-i-n-t—through which is shipped each year millions of tons of freight destined for the markets of the world, would be made readily accessible to other regions of the Atlantic provinces via a short and less expensive water route. The several foundries in and about Saint John could import their pig iron and moulding sand from the great lakes region on a more economical basis. A saving could also be realized in the importation of coke from Montreal for these same industries. Our fertilizer could be shipped over a wider area at much lower cost. With the increased commerce going through our port and the revival of coastwise shipping, we feel that employment in our vital shipbuilding and ship repair industry would tend to reach a more stable level.

The Saint John area produces about one-quarter of all the crushed limestone quarried in Canada. This is distributed for agricultural purposes under a joint policy of the federal government and the governments of New Brunswick and Prince Edward Island, and I believe Nova Scotia is also concerned. Those governments could save a great deal of money if this limestone were shipped by water through the Chignecto canal, and there is a distinct possibility that a market for this product would be opened up in the provinces of Quebec and Ontario.

There is now under construction in Albert county, in my constituency, in one of the most beautiful settings in Canada, the Fundy national park. It is anticipated that the thousands of pleasure craft which would normally pass through the Chignecto canal will find a haven in the village of Alma, in the same county, at the entrance to what promises to become a tourists' paradise.

In conclusion, Mr. Speaker, I should like to read into the record, as evidence of the mounting interest in the Chignecto canal in our Atlantic provinces, a resolution recently adopted by the maritime board of trade at a meeting held in Charlottetown on September 30 of this year.

> Whereas Chignecto canal committees are being organized in all important centres throughout the maritime provinces in support of the construction of the Chignecto canal;
>
> And whereas several royal commissions have declared its feasibility and its economic value to the maritime provinces as a whole;
>
> And whereas the Surveyer commission of 1931-33, while confirming the findings of previous investigations, could not recommend its construction at that time owing to existing economic conditions, but did recommend its further examination in the light of future development;
>
> And whereas there is now a widespread and ever-growing demand throughout the maritimes for its immediate construction;
>
> Therefore be it resolved that the Maritime Board of Trade go on record as supporting the Chignecto canal committee in urging definite action towards the construction of the Chignecto canal.

Before I conclude I should like to remind this parliament that it has before it a solemn obligation, in common with every parliament since confederation, to ensure for the people of my province and those of the other Atlantic provinces the construction of this most important project, which we deem to be so necessary for our future economic welfare.

Mr. J. R. Kirk (Antigonish-Guysborough): Mr. Speaker, I think I am the first member to publicly welcome the hon. member for Greenwood (Mr. Macdonnell) back to this chamber. In connection with this welcome, I would hazard a guess, sir, that the $64 question in the minds of some has been answered. The question: Can you keep a good man down? The answer is no.

This is the first time in this session of the twenty-first parliament of Canada that I have taken any part in the discussions. I take this opportunity to congratulate you, Mr. Speaker, on having been the unanimous choice of hon. members of this house for the position which you hold. I wish to assure you that it will be a pleasure to co-operate with you in your duties, which I know you will carry out with distinction and which I trust will not be too arduous.

Before making any specific remarks on subjects which are of interest and importance to my constituents of Antigonish-Guysborough, on the east coast of Nova Scotia, I would like to say a word of welcome to the many new members who are this session making their debut, so to speak, in this chamber. It is encouraging to see so many young men

interesting themselves in the affairs of the nation, and indicating their willingness to share in its responsibilities. I would like to welcome in a special manner the members from our newest sister province, the sea-girt province of Newfoundland. They will find that many of the interests and hopes of their constituents are similar to those of the residents of other maritime provinces, and this common bond will, I know, serve to weld closely together the people of our new province and their representatives with those of our other maritime provinces.

I should also like to extend congratulations to our genial Minister of Finance (Mr. Abbott) on the success which has attended upon his work, by no means easy, of keeping the financial situation of Canada on a pretty even keel, even while so many other countries are experiencing hardships and difficulties following the heavy toll of the war years. Rehabilitation has been pretty well completed in Canada now, and we Canadians have endured no hardships—certainly none comparable to what might have been expected in a country small in population but large in expanse, limited in financial capacity but unlimited in the will to share in obligations, a country which contributed so unstintingly during the war years in men and material, and towards the rehabilitation of the allies in the years following the war. I believe the reputation which Canada has established for itself within the last decade will increase with the years, and that renown, in no small measure, will be due to the masterly handling of our financial problems by the present Minister of Finance, and by his predecessor.

I am happy to learn of the plan recently outlined by the Minister of Reconstruction and Supply (Mr. Winters) for long-term housing development, based upon joint participation by the dominion, the provinces and the municipalities. Housing remains one of our greatest national problems, and I think it only fit and proper that this problem should be handled jointly by these three units of government, working in collaboration. I am sure that the working out of this plan will mean great easing of the financial burden now being felt by homebuilders—most of them veterans and other young men—and I look forward to seeing this legislation put into effect at the earliest possible day. Knowing our Minister of Reconstruction and Supply as well as I do, I am satisfied that the carrying out of the plan is in good hands.

As all hon. members know, there are several things which the people living in our coastal provinces, whether on the Atlantic or the Pacific, or in constituencies bordering the great lakes, have in common, and these include the love of the sea and the dread of it. The sea is kind to them, because it affords them a means of livelihood by fishing, shipbuilding and other allied industries; it provides many opportunities for pleasant and health-giving recreation; it affords, too, an avenue of transportation, a pathway by which to reach the lands beyond the horizon. But often, too, in the sea lurks the danger of sudden death, and many a man, and many a ship, went down to instant destruction at its whim, or when its lashing waves hid from view the shoals and rocks which are all too numerous along our extensive coast lines.

For a number of years, I have voiced in this chamber the urgent need of providing improved aids to navigation, and especially a first-class coastguard marine service, to patrol our shores. I am not going to reiterate the statements made on previous occasions by other hon. members, as well as by myself, as to why and how this service should be instituted. However, I do hope that our government will give early consideration to the proposal. I would like to read into *Hansard* a clipping from the Halifax *Chronicle-Herald* of September 29, 1949, which has the caption "Radar to be used by coastguard", and is datelined Boston, Massachusetts. It reads:

> The coastguard revealed today that it is planning to set up radar stations along the shore, to help find disabled vessels.
>
> Captain F. J. Sexton, commander of the first coastguard district, said the use of radar would enhance the value of the present lookout watch at lifeboat stations.
>
> Positions of ships in distress within the range of the equipment could be accurately determined, he said, and radio equipped coastguard boats could be directed to their assistance.
>
> Sexton said one station under consideration for the use of radar is Brant Point, Nantucket, and another is the station at Race Point on Cape Cod.

What the United States can do in this direction, we in Canada could do also.

With so many devices made available through the wonderful inventions of the past few years, we have at hand a real opportunity to give protection to our seafarers by co-ordinating the marine services now operated by government departments, such as fisheries, mines and resources, transport, and the R.C.M.P. I am sure all hon. members will support this request for a coastguard service in Canada, especially those who represent, as I do, a coastal constituency.

While on the subject of the sea and those who make a living thereby, I wish to refer also to a great need of our fishermen. It is commonly known that no item of food which man enjoys begins to lose its flavour as quickly as fish; from the moment they leave the water, their flavour begins to disappear. The fishermen have realized this for many a year, and this explains why, so

early in the history of our country, the art of drying fish was known and practised. In fact, some of our earliest settlements were made by the people of Brittany, France, on the Nova Scotia coast. They came there to catch codfish and dry it on the sandy stretches of shore before returning home across the seas. From these Breton fisherfolk, the island of Cape Breton received its name. In time, other methods of processing fish came into use, and in recent years the "locking-in" of the flavour of the fish has been accomplished by the deep-freeze or quick-freeze method. The few larger units that have been established have proved a great boon to the fishing industry in the areas they serve; and I must say this government has been most helpful in giving needed assistance by way of financing such projects.

However, the fishermen along the coasts have been and still are at a disadvantage in this respect, being so far from the large freezer plants. Now a movement has spread along the coast whereby financial assistance is being sought for the erection of small mechanical cold storage and bait freezers. If our fishing industry is to flourish, it is becoming increasingly necessary for plants of this nature to be built along our shores. I do hope that the Department of Fisheries will give sympathetic attention to this question of assistance to fishermen's co-operatives and those who are anxious to erect these units, which will not only serve to retain the freshness of the fish but will also be a means of keeping on hand at all times sufficient bait—a very important item in the fishing industry. Last year it was necessary for this government to spend a considerable amount of money to transport bait from the Pacific to the Atlantic coast for the use of our fishermen. While this was a great help to the fishermen, it is an aid only and not a solution of the problem. But with their own bait freezers and deep-freeze units, the fishermen would be able to pursue their calling with considerably increased facility. With the coming into effect of the new Annecy trade agreements, the Canadian fishing industry will be given a new lease on life, so to speak, provided we can obtain and hold the markets for our fish which are being made available. Much will depend upon our ability during the next few years to ensure a steady, and an attractive, supply of seafood. If we can do this, with government assistance, it will bring prosperity to our fishermen.

I wish to touch once again upon a subject which has been dear to my heart ever since I first came to this house, and that is the construction or completion of the Guysborough railway.

In 1939 I first brought to the attention of hon. members of this house the urgent need of completing this Guysborough railway if the people of this area were to benefit from the agreements which were being arranged at that time. However, the war intervened and brought in its wake the need for other urgent and more necessary expenditures, which overshadowed for the time all other considerations.

In 1947 I again took the matter up in this house, and I think I cannot do better than quote from my remarks at that time, as recorded in *Hansard* of May 20, 1947, at page 3242. Speaking of the Guysborough railway project, I said:

> Now that the war is over, and a considerable part of the demobilization costs have been taken care of, the importance of post-war projects has become paramount. May I say, with the full endorsement of all people in that part of Nova Scotia, that the need for completion of this railway is every bit as great now as it was in 1929, if not more so. The present position of having the right of way purchased and paid for, the concrete abutments for bridges in place, of having ready all preliminary work, and allowing all this expenditure and preparation to come into disuse, is not what it should be; if I may use the word, the situation is intolerable. Remember that this is no mere temporary or unproductive enterprise. I can tell the house with full knowledge whereof I speak that the fishing, lumber, agriculture and tourist industries of Guysborough county are today suffering from neglect and lack of development because of the failure to complete the Guysborough railway. My constituents of Guysborough county, of every political persuasion are unanimous in their endorsement of my representations to the house today, and I take this opportunity to make the strongest appeal to the government for immediate action in this matter. The house may sometimes grow weary of the claims sponsored by members from the maritimes, of all political parties, but I feel sure that all members who have a knowledge of this subject will support the appeal which I make today. I hope that by the time another budget speech is being debated in this chamber I may be in a position to voice the thanks of my constituents for the government's authorization, for the completion of the Guysborough railway.

The above remarks are as applicable now as they were in 1929 or in 1947, and more so if possible; for with the efforts to bring into Canada immigrants from other lands who are, generally speaking, interested in industries such as agriculture, fishing, lumbering, the natural resources of Guysborough county have much to offer if transportation facilities were such as to make the county easy of access.

In 1948 I again referred to this proposed railway when addressing this house on March 4 on the budget debate on such kindred subjects as industries based on the natural resources of the eastern shore of Nova Scotia. At that time I said, as recorded on page 1869 of *Hansard*:

> The counties of Antigonish and Guysborough also contain fine stretches of timber, both hard and soft

wood; but the lumber industry has been greatly handicapped by lack of suitable means of transportation.

As I have pointed out on various occasions, the whole county of Guysborough is practically without any railroad. The Guysborough railway has been used, by both old-line parties, as a political football ever since confederation. True, no government is bound by anything a candidate may say at election time or between elections; but this case is somewhat different, for the Liberal government has in effect promised the people of Guysborough a railway, inasmuch as a contract was let and construction work begun in 1929. Unfortunately before the contract was completed there was a change of government and the new Conservative administration, under the late Right Hon. R. B. Bennett, cancelled the contract, and from that day to this, nothing further has been done about it.

Naturally, during the war years, the good people of Guysborough county were satisfied to wait, believing that every available dollar should be expended in fighting the enemy. But now that the war is over, and we have gone through the transition period from war to peace, they do expect this government to fulfil the promise made to them, as I have said, away back in 1929.

The above remarks, made in 1948, apply no less pointedly at this time. Earlier this year, I received a resolution from the following organizations in Guysborough county: The Guysborough board of trade, the Sherbrooke board of trade; the Canso board of trade; the Goldboro, Isaacs Harbour and district board of trade; town of Mulgrave; Guysborough county farmers' association; Guysborough branch of the Canadian Legion; Canso branch of the Canadian Legion.

The resolution to which I have referred reads:

Whereas all county industry, fishing, agricultural and lumbering is hampered by the lack of transportation facilities, often promised but never provided, and plainly evidenced in the depopulated agricultural and fishing settlements,

Therefore resolved,

(1) That this organization requests the resumption to successful completion, for both economic and defence reasons, of the Guysborough railway, commenced in 1929, but on which no work has been done since 1931; and

(2) That copies of this resolution be sent to the Prime Minister, the premier, the federal and local members and the departments or ministries concerned.

I forwarded this resolution to the Prime Minister (Mr. St. Laurent), the Minister of Trade and Commerce (Mr. Howe), the Minister of Transport (Mr. Chevrier), the Minister of National Defence (Mr. Claxton) and last, but not least, our able minister from Nova Scotia, the Minister of Reconstruction and Supply (Mr. Winters). I also forwarded a copy to Hon. Angus L. Macdonald, premier of Nova Scotia, and to his minister of lands and forests, who happens to be the local member for Guysborough county.

I received favourable acknowledgments from the Prime Minister and the cabinet ministers previously referred to, and was particularly pleased with an interview which I had with the Prime Minister later, followed by a letter from him which reads as follows:

Ottawa, May 6, 1949

J. Ralph Kirk, Esq.,
Antigonish, N.S.

Dear Mr. Kirk:

I wish to refer to our conversation concerning the Guysborough railway.

I was pleased to have you explain to me both the historic background and the economic possibilities of this railway and, although I am, of course, not in a position to form any definite opinion about it, I do wish to assure you that I am one of those who believe in the future of our great country and who believe that it will be necessary to continue taking risks with development projects if we wish our progress to continue.

Of course, there were mistakes made in the building of some of our railway lines but if we had been too cautious about them, we would not have the Canada we have today.

I think it was a mistake to have stopped all venturesome pioneering when we got into the depression twenty years ago and then, of course, it had to be discontinued during the war. But we should now be able to look forward to a good, long era of peace and go ahead with the kind of projects that will be apt to stimulate healthy national development.

With kindest personal regards, believe me always,

Yours very truly,

Louis S. St. Laurent

I should like to thank the Prime Minister publicly for the letter which I have quoted, which indicates the broad vision and the wealth of thought which have in no small measure contributed to his own wonderful success and to his present position of prominence and trust. I believe that the spirit of confidence in the future of Canada, which is expressed in this letter, will serve to keep our country in the forefront of international affairs.

Recently two resolutions were introduced by the Minister of Transport for the consideration of this house. One is to provide for the purchase by the government of Canada of the Temiscouata railway and the other is to authorize the government of Canada to grant to the province of British Columbia a subsidy of $15,000 per mile toward the construction of a line of railway in that province. I thoroughly approve of these measures, and I am glad to see the residents of those sections of Canada given improved railway facilities. In fact, I am strongly in favour of any action which will serve outlying sections of the country, sections which are in need of improved means of transportation, in order to develop their natural resources and win for their people a fairer share of the amenities of life. Such a section exists in the county of Guysborough, which is part of the constituency which I have had the honour to represent in this house since 1936.

Commenting on the two resolutions to which I have just referred, an editorial appeared in the Halifax *Chronicle-Herald* of November 2 last, under the caption "An Intolerable Situation", from which I quote:

Proposals of this kind are, as we say, of peculiar interest to the people of this part of the country at this time when there are renewed demands for sorely needed railway facilities in sections of Nova Scotia. These proposals are not referred to here in any critical sense, but merely to indicate that railway facilities for other sections of the dominion are engaging the attention of the federal authorities.

Here in this province there are renewed efforts to have the Guysborough railway built—or completed. For long decades now, the Guysborough railway project has been both a political football and the butt of political jokes. But this project never should have been a political football; and certainly there is nothing "funny" about the position of an important part of Canada deprived of railway facilities.

J. Ralph Kirk, member for Antigonish-Guysborough, has stated the case well on a number of occasions in the federal parliament, insisting that "the need for completion of this railway is every bit as great now as it was in 1929, if not more so."

"The present position of having the right of way purchased and paid for, the concrete abutments for bridges in place, of having ready all preliminary work, and allowing all this expenditure and preparation to come into disuse, is not what it should be; if I may use the word, the situation is intolerable."

And the member for Antigonish-Guysborough did not exaggerate when he told the House of Commons that the fishing, lumbering, agricultural and tourist industries of Guysborough county "are today suffering from neglect and lack of development because of the failure to complete the Guysborough railway."

Now that the war is over, and we have gone through the transition period from war to peace, the people of Guysborough county, he added, "do expect this government to fulfil the promise made to them . . . away back in 1929."

It is the next thing to disgraceful to compel the people of important sections of the country to exist without reasonably adequate railway facilities. The Guysborough railway should have been completed—to tide water—long ago.

Another editorial appeared in the Halifax *Chronicle-Herald* of November 7, entitled "Let it be Finished—Right!" It reads as follows:

In a letter published within the year, Hon. Michael Dwyer, former minister of mines in the government of Nova Scotia, suggested that "no other item on a pro rata basis of potential value to the country at large would cost so little and mean so much as the Guysborough railway". The former minister gave these facts and figures:

"The road as laid out has practically no grades or sharp curves and therefore it would be much cheaper to operate when finished than the road presently in use—ton for ton.

"For example, a locomotive that could haul 1,500 tons from Sydney to the strait and 1,200 from the strait—

That is the strait of Canso.

—to Truro could haul 4,000 tons from the strait to Truro.

"It may not be generally known that had the Guysborough railway been finished, it would have justified its entire cost during the first year of world war II."

The people of that section of the province have been promised the Guysborough railway for a long time now—but the question cannot be permitted to rest on mere promises alone. It is essential public work, this project, and it should be completed—to tide water.

All governments, all political parties, have "played with" the Guysborough railway project. It has been a political football for generations. It should now be gone forward with. There is no justification for any further delay in this matter, which is of such profound concern to an important part of the dominion.

Let the Guysborough railway project be finished —and finished right!

These editorials which I have just read will indicate what the people of Nova Scotia are thinking with regard to the necessity of completing the Guysborough railway. Certainly, if the people of Guysborough county are to benefit at all from the construction of the strait of Canso bridge, it is really mandatory that this line of railway be completed.

In conclusion, Mr. Speaker, I submit the observations in my remarks today for the earnest consideration and attention of the cabinet. Anticipating that the Minister of Transport will, as I hope, see fit to introduce a resolution dealing with the completion of the Guysborough railway, I ask all hon. members of this house for their support.

Mr. J. W. Murphy (Lambton West): Mr. Speaker, it so happens that I am the first speaker of our party after the introduction today of our newest member, the hon. member for Greenwood (Mr. Macdonnell). The applause which greeted his introduction today was more expressive than any words I can use. We all know that the hon. member resigned one of the most responsible positions held by any Canadian to accept a greater political responsibility. I am sure that all hon. members are really happy, at least they should be, that this house again has the presence of a man of such outstanding ability.

This also gives me the opportunity of saying—I may be criticized for saying it, but many hon. members from all parties will agree—that we could have many hon. members of whom we would be very proud if hon. members from far-away places were given air transportation privileges that we now enjoy by rail. This happens to be the first session in my experience in which I have been back to my riding only once in two months. I must say that I miss the association and the advice of my constituents. I say that because I can appreciate the position of those members who come from long distances and who are unable to return to their ridings, as they should, to represent them properly and to get the feeling and the opinions of the people of those ridings. It is not fair, Mr. Speaker, to expect hon. members from the west coast to spend four days to get home and four days to return

in order to visit their constituents. As I said a moment ago, I do think that if hon. members who live four hundred miles or more from the capital were afforded the privilege of using air transportation the house and the country would benefit not only by the experience of those hon. members on their return two or three times during each session, but, most important of all, we would have a better type of member.

Some hon. Members: Oh, oh.

Mr. Murphy: I hear some laughter in the chamber, Mr. Speaker. We are very fortunate indeed to have such a high type of member from these far-away places. The point I am making is that busy people, whether they are in a profession or in a business, cannot afford to come to these sessions and not have the opportunity of going back home. If we are to have these people here and have them accept their political responsibilities we should afford them the opportunity which could easily be made available to them.

Mr. Isnor: The hon. member would include the maritimes.

Mr. Murphy: Yes indeed; all residing over 400 miles away.

Mr. Wylie: Don't forget that rough railroad.

Mr. Murphy: The hon. member is talking about the Temiscouata Railway.

Since coming to this house I have not made a practice of advocating expenditure of sums of money where I did not think it was absolutely necessary. I make that statement because of what I am going to say. In the city of Sarnia we have what was at one time a boys' brigade hall, which is now an armouries. Every hon. member will agree that Sarnia has been mentioned in this particular session and in the last few days of the previous session probably more often than any other city in the dominion.

Mr. Gibson (Comox-Alberni): Except Fraser Valley.

Mr. Murphy: Yes, except Fraser Valley. I should mention these facts in view of what I intend to say. We have the largest oil refinery in the British empire, which is the Imperial Oil. We have the great Polymer Corporation, a $50 million corporation, a crown company. We have the Dow Chemical, a $9 million to $11 million chemical industry, with prospects of additions of some $5 million to $9 million. There are other new plants I could mention, including one about to come in, namely, the Sun Oil, a $20 million refinery. In fact, Sarnia has become known as the chemical valley of Canada because of these industries. The armoury that we have there is a disgrace. Because of the particular type of industry we have there I hope the urgency of this armoury will receive favourable government consideration. A few days ago I noticed that armouries were being proposed for the Sault. They may be under construction within a few days. I have no quarrel with that. I think that is a strategic place where one should be erected.

Hon. members should know something about the building which is now being used as an armoury and which houses in small numbers the 31st Field Regiment, R.C.A., and the 11th Field Squadron, R.C.E. This building was erected in 1892 as a boys' brigade hall. Then it was used as a theatre for a few years. It stood vacant for several years, and then was used as a theatre again, and today it is used as an armoury. An engineers' and architects' report has been made on this particular building. They consider it unsafe for drilling troops and even for the storage of military equipment. They are unable to go ahead with any recruiting campaign. There is no accommodation for vehicles, which accounts for the high cost of maintenance not only of the vehicles but of other armoured equipment. They did acquire a garage some two or three miles distant which means additional maintenance cost. They have no lecture rooms. The drilling needs and the training of the nine different courses cannot be carried on because there is no place to hold them. The floor is condemned. It is now limited to thirty pounds per square foot of weight. They have shoring in the basement to hold gun carriages. The only place they can handle them is immediately above the furnace. Considerable shoring is done around the furnace to hold these particular vehicles.

The department has a copy of the report of the engineers and architects. Some few weeks ago, an amount of $50,000, or thereabouts, was allocated for some repair work. As a matter of fact this money was returned by the engineers as it would serve no useful purpose. The building was beyond repair. The side walls are badly bulged from the pressure of the wood roof trusses, and the south wall is extremely bad, so that the rods would not hold back the walls in position. The brick buttress along the inside of the basement walls is cracked half way up, showing that the basement walls are shoving in owing to the pressure of the earth on the outside, and the eccentric load from the brick walls above, because they are not plumb.

There used to be a swimming pool in the basement, which has been filled in, and a concrete floor poured over it. But owing to the pressure of the basement wall and posts supporting the floor above, the concrete floor has sunk, as a matter of fact, under

the posts, and buckled up about two feet from them. The wooden timbers supporting the floor joists are in very poor condition and show signs of dry rot. The drill hall floor is uneven, owing to the sagging of the beams. I could go on in detail regarding the condition of this particular building. However the department has full details and knows all the defects.

The point I make is that the area is a strategic one, where we should have an armoury which would be in keeping with the necessary protection of the various industries located there. Today, because of the atomic bomb, people are defence conscious. For the first time since I have been a member of the House of Commons I am urging the expenditure of public money on a most necessary defence building and I do hope the government will consider seriously taking advantage of the opportunity there of replacing the present armoury with a more modern one.

I mention the present opportunity because there has been some suggestion that the city of Sarnia make a trade with the department, permitting the department to move out into the country and to accept some small acreage in return for the site upon which the armoury is located. It may seem strange for the member from a riding to make this statement, but I must say that while this trade might have been all right fifteen or twenty years ago, at which time the property they would propose to give to the government would be worth an amount which would be within a very few thousand dollars of the then value of the armoury, today, due to the progress being made in that area, and the development of Sarnia and the surrounding districts, it so happens that the location of this armoury is a most valuable one. It is on the best street in the city, with a frontage of 221 feet on Christina street, running through to Front street, with a frontage of 130 feet, and with a depth of 249 feet.

This property is practically down town; and while some people say that even fifteen or twenty years ago it might not have been worth more than $15,000, and the property they would now propose to give to the government would not be worth more than that amount, I am here to say that today in my view a fair valuation of that property would be somewhere between $100,000 and $200,000. I believe the government could obtain that amount by offering this property for sale.

From my place in the House of Commons I am now suggesting that neither this government nor any other government should make a transfer of property which would not be fair to all concerned. This is a property held in trust for the people of Canada. If the transfer or trade were carried out on a fair basis, all well and good; but as the representative of that riding I have no hesitation in saying that such a trade would not be fair to the rest of the people in Canada. It would be my view that the government ought not to accept the idea of making the transfer on that basis.

I would repeat that a new armoury could be constructed at a lesser cost, because the sale price of this building would be an item of some extent. I do hope the government will take these facts into consideration when considering the requirements at Sarnia.

We hear it suggested from time to time that there should be an increase in the radio licence fee. Let me go on record emphatically as stating my opposition to any such increase. Every hon. member knows that it is the policy of the Progressive Conservative party to abolish entirely the radio licence fee. I have received many resolutions from organizations, including the city and some surrounding townships, as well as labour organizations, and I would not be fair to them if I did not express their disapproval of any increase in the licence fee. I do not intend to develop the argument further today.

I would hope that the policy announced a few days ago by the Minister of Finance (Mr. Abbott) whereby the sales tax is to be removed from fuel oil might be extended to other commodities. I am one who is firmly convinced—and I think many hon. members regardless of party must share this view—that the sales tax is the bugbear of the high cost of living today. If when introducing the next budget the government could see its way clear to decrease or to eliminate the sales tax I am sure it would be received favourably. We can think of various prices of different articles, and we can tell about increased prices we have noted, but I am satisfied there is no factor in our economy which has contributed so greatly to the high cost of living as has the sales tax.

It is my hope that since the minister has begun a reduction of this tax, perhaps as one of his post-war ideas, he may carry it further so that in the 1950 budget we will see either a reduction of the sales tax or its elimination altogether.

Another observation I should like to make relates to the statement made recently by the Prime Minister (Mr. St. Laurent) and supplemented by the Minister of Finance (Mr. Abbott) concerning the taxation of crown companies. We expect that some time before the close of this session legislation will be introduced to provide some return in lieu of taxes to those municipalities in which crown companies or crown properties are located.

As the older members in the house will recall, on several occasions I have urged that crown companies be subject to municipal taxation, or that at least they should accept their share of the responsibility in municipal administration. In my constituency we have the Polymer Corporation, a $50 million enterprise, and one which has done a grand job. Had it not been for this corporation during the war we would have suffered from a shortage of raw rubber requirements. That corportation was a large factor in winning the war. Let there be no mistake about that. Since coming to this house I have given various reasons—I do not intend to repeat them—why this crown company should accept its municipal responsibilities.

I hope that when the proposed legislation is introduced provision will be made whereby the municipal assessments will be accepted so that there will be no further exemptions from taxation. I have mentioned that I think they should contribute to school taxes. The present population of the township in which this Polymer Corporation is situated is well over 10,000, whereas some few years ago it was only about 2,500. I shall not elaborate on the increased costs brought about by this company being located there. I was happy to hear the announcement and I think it will give a great deal of satisfaction to those municipalities where crown companies are located. We have several of them in our county.

I know it is on the record here that crown companies never pay taxes or anything in lieu of taxes, but this municipality does receive $5,000 or $6,000 a year. I understand that Eldorado in Port Hope continued to pay the municipal taxes that had been paid by the private corporation which it took over. I do not know whether retroactive provisions would be included but I would like to see something along this line because it would be only fair to these municipalities.

Just a few minutes before the house closed the other evening, the Minister of Finance (Mr. Abbott) made an announcement with regard to rentals which was important to so many families in the Dominion of Canada. This happened to be the second announcement which had been made by the same minister without regard to parliament, the former one being—

Mr. Sinclair: On a point of order, I question whether it is admissible for the hon. member to refer to a debate which was concluded last evening.

Mr. Deputy Speaker: It is out of order to refer to a debate that has occurred during the present session.

An hon. Member: Go ahead.

Mr. Murphy: I shall refer to it just briefly. I think that was an illustration of an utter disregard of parliament. These increased rentals are going to work great hardship on many people especially at this particular time of the year. In saying that, I think I am voicing the opinion of most hon. members of this house.

Mr. Sinclair: I repeat my point of order.

Mr. Murphy: It was an unwelcome announcement that had little regard for the people and for the rights of parliament.

Mr. Sinclair: I repeat my point of order for personal reasons. I was very anxious to enter the debate on rental control but I have been advised that because the matter was dealt with yesterday I cannot do it.

An hon. Member: Of course you can.

Mr. Fleming: On the point of order, I submit that nothing that happened yesterday on the motion to adjourn the house to discuss a matter of urgent public importance governs the subjects that may be discussed in later debates. Surely there was nothing closed about that debate yesterday. The debate yesterday was on a motion to adjourn the house. There was no vote and there was no opportunity to bring the matter to a conclusion or a decision. I submit that nothing that happened yesterday precludes any hon. member from referring to rental controls during this budget debate, if he chooses so to do.

Mr. Fauteux: On the point of order, I should like to direct the attention of the house to May, thirteenth edition, chapter 12, page 316, paragraph entitled, "Reference to prior debates". This reads:

> It is a wholesome restraint upon members to prevent them from reviving a debate already concluded; and there would be little use in preventing the same question or bill from being offered in the same session, if, without being offered, its merits might be discussed again and again.

I believe it has always been ruled in the past that it is against the rules of the house to refer to or to discuss a matter which has been considered in a preceding debate.

Mr. Drew: Mr. Speaker, I submit that the citation that has just been read proves conclusively that there can be no objection to the hon. member who is now speaking proceeding to discuss what he proposed to discuss. There was no conclusion to the debate he has referred to. It is perfectly obvious that there are reasons why something which parliament has decided upon should not be reviewed over and over again, but on a substantive motion there happens to have been discussion in regard to a matter that undoubtedly will be discussed in this

house a number of times during the remainder of this session. In this particular case the house has come to no conclusion in regard to the bungling of the government in connection with rental controls which would in any way preclude the hon. member from dealing with that matter in the present debate.

Mr. Fournier (Hull): Up to the moment that the leader of the opposition spoke I thought that there was some doubt as to the position taken by the Speaker, but if hon. members will refer to citation 250 they will see that it reads:

> The debate on the urgent matter referred to in this rule cannot be adjourned as the motion actually before the chair is "that the house do now adjourn." Once the house rises, the motion is carried.

The motion yesterday was to adjourn the house so that a specific question could be discussed, the question of rental control. At eleven o'clock the house rose without question put and the motion carried. According to this rule, we have had a complete debate in the house on rental control. I am of the opinion that you cannot renew that debate at this stage. You can probably mention rental control, but you cannot refer to the debate or to what the minister said in the debate. The hon. member was mentioning what the Minister of Finance had said and I really think he is out of order.

Mr. MacInnis: I should like to say a word on the point of order. I have no particular reason to urge that the hon. member for Lambton West (Mr. Murphy) would have an opportunity to discuss rent control, but I do not think the point raised by the minister is well taken. The motion yesterday was that the house do adjourn in order to discuss a certain matter, and that matter was discussed. That did not dispose of the matter at all; it merely disposed of the adjourning of the house. If the minister's contention were upheld it would mean that the Minister of Finance would be debarred from bringing into this house during the present session any other legislation of any kind dealing with rent control. No decision was made on the question; and under our procedure all the references to such debates deal with debates on which a decision has been reached. So while that debate ended, no decision was arrived at with respect to rent control.

Mr. Sinclair: To make my position clear, I had hoped to speak on rent control myself, but I did not want to be immediately challenged by some of the legal experts of the opposition, so I thought it best to raise this point now and obtain a ruling.

Mr. Murphy: In a way this discussion can be compared to the announcement with respect to rentals, in that we as members of the House of Commons can discuss it only after a decision has been made. I shall be very brief, but I would like to express to this house the opposition to this enactment on the part of the municipalities I represent, the various labour organizations, and the Canadian Legion. I would not be fair to those people if I did not take advantage of this opportunity to express their disapproval of this action.

For a few minutes now, Mr. Speaker, I should like to deal with housing in a more general way. A few days ago Mr. A. R. Mosher, president of the Canadian Congress of Labour, suggested to the government that a royal commission be appointed to investigate home building costs. In that connection I want to quote from the Montreal *Gazette;* I have not the exact date, but it was within the last couple of weeks:

> Mr. A. R. Mosher, president of the Canadian Congress of Labour, is campaigning "to get houses built at a cost which Canadians can afford." This looks like a plank which would take a high polish in any man's platform. Opening gun of the campaign was heard this week when Mr. Mosher made public a letter he had addressed to Hon. R. H. Winters, reconstruction minister, asking for a royal commission to investigate home building costs.

The next paragraph is the one which I think concerns most of us.

> Mr. Mosher wrote: "If contractors and supply houses are making excessive profits, if labour is not doing a job, if interest rates are too high, if decentralization of the building industry increases costs, or real estate practices unduly affect the final price, we believe that the investigation should be launched with a view to establishing the facts regarding these matters.

The minister, of course, announced that there would not be a royal commission. I have no hesitation in supporting this request; in fact it is hard for me to understand why the minister or the government turned it down. Had I been given any voice in government I would have accepted the suggestion gladly, because it might have enabled us to obtain valuable information which would have placed the responsibility for high costs where it belongs. Therefore I suggest to this government that a royal commission be appointed, as suggested by Mr. Mosher, and I would also suggest that Mr. Mosher be a member of that commission.

We have had in operation in Canada the National Housing Act, under which loans may be obtained for the construction of new homes. I have high regard for the minister, in which I think all other hon. members of this house share. We realize that he has a difficult job, that he has inherited a legacy with perhaps more liabilities than assets, and we do hope he will make a good job of it. We know it is not an easy task for anyone to carry out;

let us be frank about that. I have some slight knowledge of what I am going to talk about, and I would like the minister to believe that my observations are made in the most sincere manner, so I hope he will take notice of them. In the past a percentage has been fixed beyond which loans could not be made, but I say to this house that as far as I know loans have never been made up to that percentage. The loans now being made to people who want to buy houses are far too low. They do not go anywhere near the maximum permitted, and I think perhaps the loaning companies are taking advantage of the situation and not permitting borrowers to obtain the loans they might otherwise get. I know of many young veterans building $10,000 or $11,000 homes during the last year or two, who have not been able to get their maximum loans. There is no reason why that situation should continue. It is true that the proposed housing legislation will be beneficial in many provinces, though not so much in Ontario because here we have had provincial legislation giving home owners an opportunity to obtain an additional loan of $1,250, which has been an important factor in enabling many young veterans and others to provide roofs over their heads. So I suggest that the minister indicate to the loaning companies that they should permit home owners to obtain greater loans than they have been obtaining in the past. After all is said and done, most of these homes are being built by private enterprise. If greater loans could be made more homes would be built, and that is what we want in this country.

I might offer a suggestion to the government which I believe would help overcome this housing mess we are in; and let us admit that it is a mess. The suggestion I would make is that the loans be made to the people at three per cent. I see you are about to rise and stop me, Mr. Speaker. I hope you took time out for that little Irish argument in which some members took part a few minutes ago. If we were able to get money at three per cent, or even less, I believe there would be a great increase in the number of homes being built. I know of no factor in house building which would contribute to more houses being built than a lowering of that amount. The records of the past years will show that most houses were built by individual owners, who also may have built one or two houses for rental purposes.

I should like to deal for a moment with the question of research in house construction. I do not think there is a member in this chamber who could tell me how many labour operations there are in the construction of a house. I should like to mention that to indicate the necessity of some research into construction methods. If I were to ask most members how many operations there are in the construction of an outside wall, the guesses would likely range from three, four or five to six. I shall tell hon. members how many there are.

Let us consider a frame house. This matter is important, in view of the fact that so many people are complaining about the cost of houses today. A house has to be built according to specifications and sometimes people complain about the fact it may require heavier timbers than they consider necessary. In the construction of an ordinary frame house, there is the studding and then the sheeting on the outside. There is paper on the outside of that and then the siding, over which three coats of paint are applied. On the inside, there is the insulation, whatever it may be, then the rock lath and two coats of plaster. If you want the inside of the house painted, then three coats of paint are applied. Now, Mr. Speaker, in the building of that house there are fifteen separate labour operations in the construction of the walls alone. If one constructs a cinder block house, there are just as many labour operations.

For several years, I have contended that the cost of construction could be considerably reduced if the walls were built with preframed sections. I am certainly convinced that houses of various sizes, and quite large houses, could be built on a sectional basis. Such houses will not be built by the industry, because up until now there has been a shortage of practically everything that goes into a house. We cannot expect the construction industry or those who supply the things that go into a house to initiate any research at any great expense.

In many localities, the building bylaws are outmoded, such as the bylaws requiring plastering and that sort of thing. In order to cut down the cost of houses, even those which are built under the National Housing Act, plaster could be eliminated and weldwood could be substituted.

Mr. Deputy Speaker: I am sorry to interrupt the hon. member but he has exhausted his time, and may continue only with the unanimous consent of the house.

Some hon. Members: Go ahead.

Mr. Murphy: I believe it is important for the municipalities to give more consideration to this housing problem. I referred a moment ago to the building bylaws as an illustration of that. Apparently it is necessary for some people to build in the cities where sewers and other facilities are available. I should like to suggest to the people of this country

that they might be well advised to build outside the cities where they would not find such high taxation. It is true they would have to do without sewers, sidewalks, pavements and that sort of thing, but those are the factors which add to the cost of owning a house in the city.

In northern Ontario there are two townsites upon which fine houses have been built at surprisingly low cost. Approximately four or five thousand five-room houses have been built of aluminum. I cannot see why the cost could not be lowered if research were conducted into construction methods. There are plenty of capable engineers, and I believe research should be encouraged. If such research were conducted, it should be remembered that it must be conducted by the government. I believe there is an appropriation of approximately $5 million to be expended over a five-year period for that purpose. I understand the government has spent $1 million of that. This is one method by which the government could contribute a great deal to so many people. I believe it would be well advised to seriously consider further research work. This framing to which I referred a few moments ago could be done in the factories.

In conclusion, Mr. Speaker, may I say that I hope some of the observations I have made will be considered by the government. I mention them because house building has been carried on mainly by private enterprise. If we look over the records of the cost of administration of government projects, I believe they will verify the fact that the government would like to be absolved of all responsibility for housing. For that reason, I hope some of the suggestions and comments I have made will be considered.

Mr. T. J. Kickham (Kings): Mr. Speaker, rising in this debate I should like to tell the new members of this house something of our province. Many of the new members have not visited Prince Edward Island, so I should like to extend an invitation to them to visit the province and learn for themselves about its scenic beauty.

As you know, Prince Edward Island is located in the gulf of St. Lawrence, with Northumberland strait dividing it from the mainland. There are two ferry services, one crossing from Port Borden, Prince Edward Island, to Tormentine, New Brunswick. The boat on this service is said to be the largest icebreaker in the world. It is capable of carrying approximately nineteen railway cars and about sixty automobiles and trucks. The second service is from Cariboo, Nova Scotia, to Wood Island, Prince Edward Island. This ferry service carries passengers and motor vehicles only. Last year a bus service was inaugurated from Moncton to Charlottetown, which greatly assists in speeding up passenger traffic from Moncton. Hon. members are probably aware of the fact that there is also an air service from the United States and Canadian points to Charlottetown.

The main interests in Prince Edward Island are farming, fishing and the tourist business. Potatoes are our main cash crop. Prince Edward Island seed potatoes are known the world over. We have shipped them to Argentina, British West Indies, Cuba, France, Mexico, Newfoundland, Palestine, Egypt, Panama, South Africa, and the United States. We supply over 55 per cent of the Canadian requirements for certified seed. Many of the markets I have named are not available to us now. These were markets emanating out of war conditions. We must now depend largely on the United States and Canada for our markets.

Two years ago our provincial government passed an act known as the Potato Act, compelling all growers to plant certified seed or better. The highest grade is known as foundation. So that our seed is practically disease-free, coming as it does from what we strive to make a disease-free area.

Our shipments to the United States are subject to a regular duty of 75 cents per hundredweight. This government, however, obtained for us from the United States government a quota for 3,500,000 bushels at the reduced rate of 37½ cents per hundredweight. While we appreciate this fact, we should like to see the quota increased by another 2 million bushels. If this could be arranged, it would assist in offsetting the adverse balance of trade between Canada and the United States.

Last marketing season the government gave us a floor price of $1.15 per hundredweight; this action had a beneficial effect in stabilizing the marketing of the crop. We are faced again this year with the same conditions as those that obtained last season, and we hope and trust that this government will do for us what they did last season, thereby preventing serious financial loss to the growers. It could well be that no loss would be suffered by this government owing to the greatly reduced crop in the United States and Canada. The estimated production in the United States for 1949 is 378,805,000 bushels, which is 67,045,000 less than last year. The estimate for Canada in 1949 is 82,745,000 bushels, which is 9,355,000 bushels less than last year, making a total decrease in the United States and Canada of 76,400,000 bushels. The total consumption in Canada and the United States is approximately 480 million bushels, so that this year's production is 18,450,000 bushels under normal

requirements. A great advantage would accrue from having the support price in effect as early as possible, thus preventing panicky marketing and assuring the growers of something near the cost of production.

The recently increased freight rate of 29 cents per hundredweight is a serious handicap to our potato industry. Before the first increase in 1948 of 21 per cent, our rate to Toronto, for example, was 39 cents per hundredweight; now it is 51 cents, or 30 cents per bushel. In all, it costs around $290 to ship a car of potatoes to Toronto, including freight, "reefer" charges and heat en route.

The provinces of Quebec and Ontario should be as much interested in the potato industry in our province as we are ourselves. Why is this so? The reason is that we buy from central Canada approximately $24 million worth of all commodities each year. Not only is the money which we receive from Quebec and Ontario returned to them for goods of every description that we need, but all the dollars that we receive from sales outside Canada, particularly from the United States, are spent by us in central Canada, thereby greatly assisting in keeping their wheels of industry revolving.

Furthermore, were it not for the fact that our potatoes receive a premium on those markets, earned because of their quality, we could not compete with Quebec and Ontario-grown potatoes, because of their nearness to the consuming centres in those provinces where, by rail and trucks, they can be delivered for a fraction of our costs.

Potatoes are our cash crop, in the same way as wheat is the cash crop for the western farmer. Our government provides the wheat grower with a support price; we feel that we are also entitled to a support price, and that it would be of as much advantage to central Canada as to our province. Again, if our potato industry is ruined by exorbitant freight rates that apply,—and that are as effective as high tariffs,—between the provinces, the Canadian National Railways will suffer equally. I cannot see why we should be penalized because of our geographical location in Canada in relation to other provinces with whom we must do business, and because of existing tariff regulations between Canada and the United States.

I wish to tender this solution of the problem to the government. Rather than increase our freight rates, should any loss be sustained by the government the loss should be paid out of the consolidated revenue fund, thereby encouraging free exchange of commodities between the provinces.

Our second largest industry is fishing. The principal varieties of fish are lobsters, cod, hake, mackerel, herring, clams and oysters. Because of the quality of our lobsters, we have no difficulty in finding markets in Canada and the United States. Our big problem now is to find profitable markets for salted, dried fish. During and immediately following the war, our total catch of cod and hake was canned, purchased by UNRRA and shipped to Europe. This market is not now available.

In the discussion on the second reading of the Fish Inspection Act, I noticed that members stressed the importance of putting up a high grade and quality of fish. We have a problem in my constituency in this respect, as many of our harbours are too shoal for the boats to reach the dressing stands at low tide. As a result, the boats must wait outside until the tide rises, while the fisherman covers his catch from the hot sun. Nevertheless, the quicker the fish are split and salted, the better the grade that will be procured.

This is a matter for both the Department of Fisheries and the Department of Public Works. I bring this problem to the attention of both departments, trusting that those conditions I have mentioned will now be remedied. In the past the answer has been that no steel, cement or lumber were available to extend the work at those harbours and also that there was a shortage of dredging equipment. I do not think that those answers are good enough now.

Our third industry is our tourist business which brings in approximately $2,800,000 each year. I do not wish to take up too much time of the house but, before taking my seat, I want to say that having regard to the remuneration received by teachers in other provinces our teachers in Prince Edward Island receive the least. Why is this? Because of our people having the lowest income per capita of any province in Canada; and this is because of our geographical disadvantages, as I have tried to point out to this house. For example, the personal income per capita in Prince Edward Island is $548; Nova Scotia, $682; New Brunswick, $636; Quebec, $784; Ontario $1,075; Manitoba, $946; Alberta, $998 and British Columbia, $1,024. The other provinces of Canada receive the benefits of the education and of the talents of most of those who receive a good education in Prince Edward Island. Our population was 105,000 when we joined confederation in 1873; now I believe it is 93,000. As the smallest province of Canada we are entitled to greater consideration and to be given the measure of equality which is due to all Canadians.

Before taking my seat I wish to support what was said by the hon. member for Saint John-Albert (Mr. Riley) endorsing the Chignecto canal.

Mr. Deputy Speaker: Is the house ready for the question?

Amendment negatived.

Main motion (Mr. Abbott) agreed to on division.

WAYS AND MEANS

EXCISE TAX ACT AMENDMENT

The house in committee of ways and means, Mr. Beaudoin in the chair.

Resolved that it is expedient to introduce a measure to amend the Excise Tax Act and to provide:

1. That the following excise taxes be repealed, namely, the excise taxes on: (a) soft drinks; (b) chocolate, candy, and confectionery; (c) chewing gum; (d) cable, telegraph, and telephone messages, and on telephone extensions; (e) transportation tickets or rights of transportation, and on seats, berths, or other sleeping accommodation; (f) motor buses; and (g) carbonic acid gas.

2. That the retail purchase tax be repealed and replaced by an excise tax of 10 per cent, payable by the manufacturer or importer, on all articles now subject to the retail purchase tax.

3. That the following excise taxes be reduced from 35 per cent to 10 per cent, namely, the excise taxes on: (a) trunks, suitcases, bags, and luggage of all kinds; (b) ash trays, tobacco pipes, and smokers' accessories; and (c) fountain pens, propelling pencils, and desk accessories.

4. That the following excise taxes be reduced from 25 per cent to 10 per cent, namely, the excise taxes on: (a) toilet articles; (b) devices commonly or commercially known as lighters; and (c) coin, disc, or token operated machines and vending machines.

5. That the sales tax on the following articles be repealed: lactose; malt syrup except when sold for beverage purposes; diesel powered self-propelled trucks, mounted on rubber tired wheels, for off highway use exclusively at mines and quarries, and complete parts thereof.

6. That the rates of excise tax on matches be amended from the present specific proportionate rate of tax on each package, to an ad valorem tax of 10 per cent.

7. That the present specific tax of 5 cents per pound on tires and tubes be amended to an ad valorem tax of 10 per cent.

8. That the sales tax on the following articles be repealed: liquid fuel for lighting or heating, but not including fuel when for use in internal combustion engines; crude oil to be used for the production of fuel.

9. That the excise tax on wines containing not more than 7 per cent of proof spirit be reduced from 50 cents per gallon to 25 cents per gallon.

10. That paragraphs 1 to 7 shall have effect on and after March 23, 1949, and paragraphs 8 and 9 shall have effect on and after October 21, 1949.

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): Mr. Chairman, the resolution to amend the Excise Tax Act is just one resolution but for the convenience of hon. members it is broken down into its various subheadings. For the benefit of the new members perhaps I should make just a brief explanation of the purpose of the tax reductions. For the most part, these tax reductions occurred in the budget which was presented in the spring by the Minister of Finance (Mr. Abbott) and were repeated, with two extensions, in the budget delivered in October. While hon. members will welcome any tax reduction, this resolution, with its various parts, provides for actually more than tax reductions because there is a measure which may be called a tidying-up job done in the entire excise tax structure of Canada.

Our indirect tax structure now falls into four main groups. The first group is a large group of commodities on which there is no sales tax nor excise tax. They are the commodities which are covered in schedule III of the Excise Tax Act. I am quite sure that if hon. members would refer to that list they would be amazed at the number of commodities in this country on which neither sales tax nor excise tax is levied.

Mr. MacInnis: Federal sales tax.

Mr. Sinclair: The hon. member will appreciate that these excise taxes and sales taxes are federal taxes.

Mr. Low: Will the hon. member put them on the record?

Mr. Sinclair: They are already on record as schedule III of the Excise Tax Act.

Mr. Low: I understand that.

Mr. Sinclair: If there is any desire to have schedule III placed on record that could be done.

Some hon. Members: Agreed.

Mr. Sinclair: I think it would be very helpful to hon. members in the study of these questions to place them on *Hansard*.

The next group is a group on which sales tax is levied. That is actually schedule II of the Excise Tax Act. It also will be placed on *Hansard*.

Then the third group in the old Excise Tax Act was varied in taxation structure. We had a variety of taxes, namely, 15 per cent, 25 per cent, 35 per cent at various levels, the manufacturers' level and the retail level. I know it was confusing to the public and also difficult to administer as far as the department was concerned. Therefore the major tidying-up job which has been done is in this third group. The excise taxes have all been reduced to 10 per cent at the manufacturers' level.

Then, there is the fourth group, in which no change has been made, namely, the excise duties on which traditionally high taxes on tobacco and liquor, which are regarded in the luxury class, have been levied. Therefore we have four classes in our excise tax structure. The first class is foodstuffs and building materials, on which there is neither federal sales tax nor excise tax. Then there

is the second group of quite essential commodities on which the 8 per cent sales tax is levied. Next is the third group on which in addition a 10 per cent excise tax is levied; and finally the fourth group, tobacco and liquor, on which our traditionally high excise duties are levied.

I would suggest that it would be best to have the committee study the various subheadings.

The Deputy Chairman: Shall we adopt the resolution?

Resolution agreed to.

Mr. Sinclair: I think only resolution 1 has been carried.

Mr. MacInnis: May we take each section in turn?

The Deputy Chairman: Yes. Section 1 of the resolution has been discussed and I understand that it has been agreed to. We shall now proceed with section 2.

2. That the retail purchase tax be repealed and replaced by an excise tax of 10 per cent, payable by the manufacturer or importer, on all articles now subject to the retail purchase tax.

Mr. Fraser: Watches would come under this resolution?

Mr. Sinclair: Yes.

Mr. Fraser: This resolution deals with the luxury tax which used to be 25 per cent and has now been reduced to 10 per cent?

Mr. Sinclair: Yes.

Mr. Fraser: I protest against the tax still being on watches and clocks because they are not luxuries. I feel the tax should be taken off watches and clocks because they are a necessity.

Mr. Sinclair: This resolution covers pretty well the 25 per cent tax which was placed on things handled by jewelers. It included watches and clocks over a certain price range. This is not a luxury tax. During wartime it was placed on the retail level not so much for its revenue-raising potential but rather to discourage the buying of what were regarded as articles not absolutely essential for war needs. As hon. members know, it was very successful in discouraging purchases from jewelers and this was one of the main reasons why the jewelers of Canada protested very strongly against the continuance of this tax. This improvement has been brought down by reducing the tax from 25 per cent at the retail level to 10 per cent on the wholesale value.

Mr. Coldwell: What is the value of the clock or watch which is not now taxed? What is the range?

[Mr. Sinclair.]

Mr. Sinclair: I must confess that it slips my mind at the moment. It is quite low, around $5. I shall bring that information in later.

Mr. Coldwell: The resolution should stand.

Mr. Low: In connection with this section 2, let me say I am definitely opposed to the principle of converting what was an ultimate purchasers' tax into what will now be a hidden sales tax imposed at the manufacturer's level. The main purpose, evidently, is to bring the taxes on the items covered by section 2 into line with the general sales tax provisions—

Mr. Sinclair: Excise tax.

Mr. Low: Excise tax or sales tax, it does not matter much; the principle is the same. It becomes a hidden tax added on at the manufacturer's level. We have pointed out repeatedly that we are opposed to this type of taxation, for the main reason that it sets in motion a vicious spiral of increased cost to the consumer. On the general principle, and with complete disregard for the items mentioned, we do wish to protest. We feel the people of this country are entitled to know what fraction or part of the cost of an article they are buying is in reality taxation and what fraction or part is in reality cost.

We feel that the responsibility for imposing taxes ought to rest with the government of the day. How else can the people of this country know what the taxes really are? I believe hon. members who have considered this matter carefully will agree that the best barometer by which to judge the efficiency of government is the level of taxation imposed upon the people. Until the people have a fair chance to see the barometer, and to keep it ever in front of them, so that they can measure the efficiency of the government, there can be no gauge or standard by which they can tell whether or not the government is efficient.

Under the circumstances we of the Social Credit party protest strongly against this move to add one more hidden tax to the great burden of taxation borne by the Canadian people today and, sir, which in the main is responsible for pushing up the cost of living by, I submit, fully 20 or 25 per cent.

Mr. Fraser: The parliamentary assistant has said that he would permit this provision to be set aside until he obtains further information.

Mr. MacInnis: Could the parliamentary assistant tell the committee what the amount of this tax was previously? What was the amount of the retail purchase tax? I notice this change went into effect on March 23, 1949. Could he tell the committee whether,

on the basis on which it is now calculated, the tax is greater or smaller? Is there this pyramiding to which reference has been made, and if so is it more or less than it was before?

Mr. Sinclair: To answer the earlier questions of the hon. member for Rosetown-Biggar and the hon. member for Peterborough West, the Excise Tax Act makes provision that the tax shall not apply to railwaymen's watches, the purchase of which is authorized by the divisional superintendent of any railway; watches designed for the use of the blind; and alarm clocks sold at not more than $10 each.

Mr. Fraser: Yes, but the cheap watch which sells at $2 or $3 is taxed. They are good watches, made in Canada—the best watches money can buy. In many instances they will outlast a 17-jewel watch.

Mr. Coldwell: Where are they made?

Mr. Fraser: I do not hesitate for one moment to say that they are made in Peterborough by a firm the name of which I shall not mention. I can say however that more than 5,000 watches and clocks are turned out each day, the great majority of which are in the low-price field.

As the parliamentary assistant has said, the tax was first imposed at a 25 per cent rate, not for the purpose of collecting revenue, but only to stop the sale of these watches and clocks. We find however that the 10 per cent tax is retained. Why? People are now demanding these watches because the manufacture of them was held up during the war.

Mr. Sinclair: While the tax has not been removed, there has been a substantial reduction in taxation in this group from 25 per cent to 10 per cent. The main purpose of tax reduction is to afford a measure of tax relief across the entire scale. I imagine each hon. member could build up a special case for special consideration of a certain industry in his riding. But the government has to look at the broad picture.

Turning to the question asked by the hon. member for Vancouver East, there will be a revenue loss of $8 million in this change from a 25 per cent retail tax to a 10 per cent excise tax at the manufacturers' level. I would point out that there will also be a very considerable saving in administrative cost, because it will be recalled that one of the difficulties of administering a retail sales tax arises from the great number of outlets which have to be supervised by the Department of National Revenue. In these jewelry shops there were some goods which were not taxable and others which were taxable at different rates. Now, if we have this tax tidied up and placed at 10 per cent at the manufacturers' level, the actual cost of administering the collection would be much less.

Mr. MacInnis: When the 10 per cent tax is placed at the manufacturers' level, and the sale is made to a jobber or wholesaler, how is the wholesaler's profit considered? Is not the tax taken into consideration, so that the wholesaler pays more than the 10 per cent? And when it comes to the retailer there is another addition. What tax does the retailer now pay?

Mr. Sinclair: Whether the jobber and wholesaler and retailer take today the same mark-up on the price they get from the manufacturer would depend upon their trade practice. But mathematically, even though they had, for example, a 50 per cent mark-up on the $1.10 they would now pay for an article now worth $1, still in the end when they take their usual mark-up there is only a 10 per cent increase in the actual retail price.

Mr. Fraser: No, no.

Mr. Coldwell: No.

Mr. Sinclair: I can speak with some authority, because I remember when the former member for Beauce, who was a manufacturer, made this very argument. If the hon. member for Rosetown-Biggar will follow through he will find that the actual 10 per cent increase at the manufacturers' level, if passed on by a mark-up, is still at 10 per cent increase in the final retail price. And that, of course, is the reason for the $8 million loss in revenue.

Mr. Coldwell: No.

Mr. Fraser: No. The tax was formerly 25 per cent when the purchase was made in a retail store. The retailer therefore paid 25 per cent on the retail price. But here we have a 10 per cent tax at the manufacturers' level. The manufacturer sells it to the jobber, the jobber has that 10 per cent; it is then pyramided, and he sells it—

Mr. Sinclair: No.

Mr. Coldwell: Absolutely.

Mr. Fraser: It jumps up; that is added to his price. He sells it to someone else—the wholesaler—and the wholesaler has to absorb the first 10 per cent, the write-up by the jobber. The wholesaler has it; he makes that addition, and it is sold to the retailer, and he has to add his profit with the pyramided 10 per cent, all the way up the line. The poor little fellow who has to buy the watch because he has not enough money to buy anything

else has to pay it. He has to pay that pyramided price, which is not 10 per cent. The parliamentary assistant has the financial adviser and the deputy minister in front of him and I am sure they will tell him that the retailer is still paying close to 25 per cent.

Mr. Sinclair: Let me take an actual example and follow it through and then I think the hon. gentleman will see that the ten per cent tax is still ten per cent on the retail end. Take an article which sells for one dollar at the manufacturing end. Assume that there is a markup of 100 per cent between the manufacturer and the retailer. It would sell at retail for $2. The previous tax was 25 per cent, so in that case the selling price would be $2.50. Take this 10 per cent excise tax on the $1. That would make it $1.10 at the wholesale end. The jobber and the middleman would still take a total of 100 per cent markup, making the final selling price $2.20. The price of $2.20 is 10 per cent, which is 30 cents less than the old price of $2.50.

Mr. Coldwell: I think we are talking at cross purposes. We are talking about the 10 per cent on the original dollar which is carried through instead of collecting 10 per cent from the retailer. It makes a great deal of difference with the same markup. We are suggesting that if we are going to have this tax, it should not be a hidden tax. It should be collected from the final purchaser. When you have all the markups you get a much different result.

The government will now get 10 per cent on the dollar, but under the other plan the purchaser would be paying only the 10 per cent. With all the markups right through to the retailer it is quite different.

Mr. Sinclair: If the tax was added at the manufacturing level or at the retailing level, it would still be selling for $1 and the markup would still make it $2 at the retailing level. A 10 per cent retail tax on the $2 would still make it $2.20, which is exactly the same.

Mr. Coldwell: The purchaser is paying 20 per cent on the original dollar.

Mr. Sinclair: Ten per cent on the retail price of $2.

The Deputy Chairman: May I suggest that all hon. members who desire to ask questions should ask them and then the parliamentary assistant could reply at one time.

Mr. Fleming: Perhaps if the parliamentary assistant would wait a moment until we have completed our questions we could make more headway. I think there has been some confusion of thought and terms in this discussion.

It is quite true that, where a tax is pyramided as an article is passed on through various hands, you still have in the end only the original tax; there is no increase in the tax. But when the purchase takes place after the final change of hands the purchaser is paying at least a markup on the tax plus a markup on the markup on the tax. If there happen to be four hands through which the article passes he would be paying also a markup on the markup on the markup on the tax.

The same process applies in the case of the sales tax. I cited an actual case to the house two years ago of a pair of stockings, where the 8 per cent sales tax is levied on the manufacturer. The manufacturer sells the stockings to the wholesaler who applies his markup, not just on the selling price to him but on the eight per cent tax as well. Then the article is passed on to the retailer, or there may be a jobber in between. Each adds his markup, and when a purchaser buys the goods over the counter he is paying the original tax, plus the wholesaler's 10 per cent markup on the tax, plus the retailer's 50 per cent markup on the markup on the tax.

In that simple case the amount paid by the purchaser was not eight per cent, it was 14·8 per cent. That does not mean that the government got 14·8 per cent; the government got only the eight per cent on the manufacturer's price, but the purchaser was paying 14·8 per cent. As long as the government continues to levy these excise taxes at the manufacturer's level the final purchaser is going to be paying the tax plus the markup on the tax plus the markup on the markup on the tax, and in some cases also a markup on the markup on the markup on the tax.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will continue in committee of ways and means to discuss the budget resolutions. When those are concluded we will take up Bill No. 47, to amend the Animal Contagious Diseases Act; then the second reading of Bill No. 133, respecting the application of a national trade mark to commodities and respecting the true description of commodities; then the second reading of Bill No. 64, to amend the Royal Canadian Mounted Police Act; then the second reading of Bill No. 65, to amend the Judges Act, 1946. If we still have time we will take up Bill No. 63, respecting the inspection of fish and marine plants.

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

HOUSE OF COMMONS

Thursday, November 10, 1949

The house met at three o'clock.

PENSION FUND SOCIETIES ACT

AMENDMENT TO EXTEND PROVISIONS TO SUBSIDIARY CORPORATIONS

Hon. F. G. Bradley (Secretary of State) moved the first reading of Bill No. 174 (from the Senate), to amend the Pension Fund Societies Act.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

HOSPITAL BEDS

Mr. Argue:

1. What was the increase in hospital beds, by provinces, for each of the years 1944 to 1948, inclusive?
2. What was the number of hospital beds per thousand of population, by provinces, as at January 1, of each year, 1944 to 1949, inclusive?

Mr. Claxton: The estimates shown below are derived from annual reports supplied to the dominion bureau of statistics either directly by hospitals or through the departments of health of the provinces. Adjustments have been made for hospitals which, though known to be operating, did not supply annual reports. The tables include general, maternity, convalescent, incurable, tuberculosis, mental, private, and other special hospitals. Federal hospitals are not included.

Decreases in bed capacity may be due to the closure of a hospital or hospitals, the closure of a ward or wards in an operating hospital, or the diversion of hospital bed space to other uses. There is a lack of uniformity in the reporting of bed capacity, due to the varying standards in use and to the difference in the interpretation of the term "bed capacity", in the various provinces and at different periods.

Data for the year ending December 31, 1948, and for 1949 is not yet available.

1.

Prince Edward Island	Increase
December 31, 1943	3
" 1944	−8
" 1945	146
" 1946	12
" 1947	73

Nova Scotia	Increase
December 31, 1943	57
" 1944	116
" 1945	65
" 1946	218
" 1947	162

New Brunswick	
December 31, 1943	208
" 1944	−92
" 1945	−140
" 1946	447
" 1947	353

Quebec	
December 31, 1943	563
" 1944	606
" 1945	467
" 1946	259
" 1947	−233

Ontario	
December 31, 1943	−134
" 1944	585
" 1945	3,014
" 1946	−283
" 1947	−1,355

Manitoba	
December 31, 1943	−29
" 1944	29
" 1945	−20
" 1946	−42
" 1947	134

Saskatchewan	
December 31, 1943	32
" 1944	−65
" 1945	27
" 1946	787
" 1947	−56

Alberta	
December 31, 1943	336
" 1944	60
" 1945	383
" 1946	−228
" 1947	−254

British Columbia	
December 31, 1943	154
" 1944	155
" 1945	93
" 1946	195
" 1947	713

Questions

2.

	Beds Per 1,000 Population
Prince Edward Island	
December 31, 1943	6·86
" 1944	6·78
" 1945	8·29
" 1946	8·24
" 1947	9·02
Nova Scotia	
December 31, 1943	9 01
" 1944	9·13
" 1945	9·10
" 1946	9·60
" 1947	9·72
New Brunswick	
December 31, 1943	7·68
" 1944	7·50
" 1945	7·10
" 1946	7·86
" 1947	8·40
Quebec	
December 31, 1943	9·14
" 1944	9·20
" 1945	9·18
" 1946	9·08
" 1947	8·81
Ontario	
December 31, 1943	8·88
" 1944	8·92
" 1945	9·59
" 1946	9·29
" 1947	8 77
Manitoba	
December 31, 1943	9·85
" 1944	9 82
" 1945	9·73
" 1946	9·80
" 1947	9·76
Saskatchewan	
December 31, 1943	9·99
" 1944	9·87
" 1945	9·91
" 1946	11·00
" 1947	10·81
Alberta	
December 31, 1943	10·49
" 1944	10·23
" 1945	10·59
" 1946	10·61
" 1947	10·06
British Columbia	
December 31, 1943	10·39
" 1944	10·20
" 1945	10·12
" 1946	9·76
" 1947	10·06

[Mr. Claxton.]

*TELEPHONE DIRECTORY—CHANGE FROM DOMINION OF CANADA TO GOVERNMENT OF CANADA

Mr. Hodgson:

1. Under whose authority was the name changed in the telephone directory from "Dominion of Canada" to "Government of Canada"

2. Why was this change made?

Mr. Abbott: Perhaps I may be permitted to answer these questions orally.

1. The change was authorized by the deputy minister of finance, as the Department of Finance is the department now responsible for the administration of government telephone services.

2. Following the issue of October 1, 1947, of the current letters patent constituting the office of governor general, the words "Dominion of" were omitted. The practice of omitting these words was adopted in all government documents from that time forward. This was in accordance with an opinion given by the Department of Justice that the word "dominion" does not form part of the name of this country, as is made clear in section 3 of the British North America Act.

Mr. Fulton: In the course of his oral answer to this question, the minister used the following expression: The Department of Finance is now responsible for the government telephone services.

Mr. Abbott: Is responsible for the administration of government telephone services.

Mr. Fulton: I was going to ask him to clear up that statement. My understanding was that the Department of Transport administered the government telephone services.

Mr. Abbott: My hon. friend is misinformed.

Mr. Fulton: May I ask the minister when the change was made?

Mr. Abbott: I could not answer that question offhand. Perhaps the Minister of Public Works could do so.

Mr. Fournier (Hull): It is about a year ago that the duties were transferred from the Department of Public Works to the Department of Finance.

Mr. Fulton: I have been writing to the Minister of Transport on matters affecting these services and have been receiving answers from him.

Mr. Chevrier: In order to clarify the matter, may I say that the Department of Transport looks after government telephone services.

*HOUSING—ALBERTA—PELMO PARK

Mr. Johnston:

1. How many houses were in the Pelmo Park housing project?

2. What was the total value of this project?

3. What was the financial loss to the government and/or Central Mortgage and Housing Corporation through the failure of this housing project?

4. What was the total amount of deposits made by the purchasers?

5. What was the total loss to the purchasers in this project?

6. What was the amount of the total assets of the Kershaw Construction Company as estimated by the Central Mortgage and Housing Corporation when the contract was let?

7. What actual building experience did this company possess when they received this contract?

8. What was the cause of the failure to complete this contract by the Kershaw Construction Company?

9. Was there any settlement made to the purchasers? If so, what were the terms of settlement?

Mr. Winters: Mr. Speaker, much of the information sought by these questions is not available to the government. I have spoken to the hon. member for Bow River (Mr. Johnston), giving him as much information as the government has, and I understand on that basis he has agreed to drop the question.

Mr. Johnston: Since I have the information that is available, I am prepared to drop the question.

Mr. Speaker: Question dropped.

CHICAGO DRAINAGE CANAL

Mr. Church:

1. How many cubic feet of water per second is now being used by the Chicago drainage canal works in connection with the diversion of that system?

2. Has there been any correspondence exchanged between the government of Canada and the government of the United States or any of their commissions or officers with respect to such diversion?

3. Has a report been made in connection with such diversion?

Mr. Claxton:

1. Based on an annual average, 1,500 cubic feet per second, in addition to domestic pumpage. It is understood that the latter amounts to about 1,900 cubic feet per second, making a total of approximately 3,400 cubic feet per second.

2. Yes, although not for some years.

3. Reports of proceedings before the United States Supreme Court have been issued in the United States. So far as is known, there are no Canadian or joint international reports on this matter.

*NEWFOUNDLAND—JUDGE IN ADMIRALTY

Mr. Higgins:

What steps have been taken by the government to appoint a judge in admiralty in Newfoundland?

Mr. Garson: Perhaps I may be permitted to answer this question orally. Hon. Sir Brian Dunfield and Hon. H. A. Winters, judges of the Supreme Court of Newfoundland, were appointed district judges in admiralty on May 16, 1949. Hon. Sir Albert Joseph Walsh, Chief Justice of the Supreme Court of Newfoundland, was appointed district judge in admiralty on September 13, 1949.

*WHEAT IN STORAGE

Mr. Diefenbaker:

1. How many bushels of wheat were in storage in Canada as on the first of October and on the first of November, 1949?

2. What is the total amount paid by the wheat board for storage of wheat between the first day of August, 1948, and the first day of October, 1949, with particulars as to the companies to whom payment was made and the amount paid to each?

Mr. Howe:

1. On September 29, 1949, 162,961,023 bushels; on October 27, 1949, 179,080,499 bushels.

2. It is not the practice of the wheat board to give particulars of current transactions. I would ask that the second part of this question be dropped.

Mr. Diefenbaker: Will the minister allow the second part of the question to stand until I speak to him about it?

Mr. Howe: The first part of the question is answered, and the second part stands.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PAYMENTS TO NEWFOUNDLAND FOR CONSUMABLE STORES AND SUPPLIES

Mr. Higgins:

What was the amount paid to Newfoundland for consumable stores and supplies taken over by Canada in (a) postal services; (b) telegraph services; (c) Gander airport?

NEWFOUNDLAND—PUBLIC SERVANTS, EMPLOYMENT, ETC.

Mr. Higgins:

What is the result of the consultation that has taken place between the federal government and the provincial government of Newfoundland with respect to the detailed application of term 39 of the terms of union between Canada and Newfoundland?

VETERANS LAND ACT

PROVISION FOR MODIFICATION OF CURRENT AND FUTURE CONTRACTS, ETC.

Hon. Milton F. Gregg (Minister of Veterans Affairs) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a bill to amend the Veterans Land Act, 1942, for the following among other purposes:

To make the benefits of the act available to veterans in receipt of pensions for disabilities which are not the result of service but were incurred during service; to provide conditions under which modifications may be made at the

request of veterans in current and future contracts made thereunder; to provide conditions under which adjustments may be made with veterans who have surrendered their contracts and for the absorption of past abnormal building costs.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Motion agreed to.

COMBINES INVESTIGATION ACT

FLOUR MILLING INDUSTRY—PRESS REPORT AS TO ASSURANCES OF PRIVILEGE FOLLOWING DECONTROL

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): May I direct a question to the Minister of Justice? Can he answer the question I asked him on November 7 about certain correspondence between Mr. Donald Gordon, and his officers of the wartime prices and trade board, and the flour milling industry?

Hon. Stuart S. Garson (Minister of Justice): Yes. Mr. Donald Gordon informs me that no communications giving assurance of privilege following decontrol measures were given by him to the milling industry, and the chairman of the wartime prices and trade board also advises me that no member of the staff of the board gave such assurances of privilege "following decontrol measures", which was the phrase used in my hon. friend's question. Moreover, the news item in the Ottawa *Journal* to which the hon. member for Rosetown-Biggar called attention makes no statement such as the hon. member suggests. Instead, in that particular item it is stated several times that any assurances of privilege were confined to wartime activities.

ARMISTICE DAY

NOTICES TO CIVIL SERVANTS—QUESTION AS TO LEAVE TO ATTEND SERVICES

On the orders of the day:

Mr. G. K. Fraser (Peterborough West): I should like to ask the proper minister—I think it is the Secretary of State—a question. Who has given authority for the putting up of notices in government buildings throughout the country stating that veterans and civil servants generally will not be given leave from their duties tomorrow to attend Armistice day memorial services? Can that order be changed so that they may be allowed to attend these services?

Hon. F. G. Bradley (Secretary of State): I have no knowledge of any such order, Mr. Speaker. I understand that tomorrow is a statutory holiday.

Mr. Fraser: The notices are up, anyway.

[Mr. Gregg.]

WAYS AND MEANS

EXCISE TAX ACT AMENDMENT

The house in committee of ways and means, Mr. Dion in the chair.

2. That the retail purchase tax be repealed and replaced by an excise tax of 10 per cent, payable by the manufacturer or importer, on all articles now subject to the retail purchase tax.

Mr. Fraser: We were on this item yesterday and there was quite a bit of misunderstanding about it. This was and still is a luxury tax, although the government call it something else; they call it an excise tax now. They have reduced it from 25 per cent to 10 per cent. When we were talking about this matter yesterday afternoon, before we adjourned for the day, we were mentioning only the 10 per cent tax. But at that time we forgot to take into consideration the fact that in this provision we should cover also the sales tax. On an article that costs say $100, you have the sales tax, and you have your 10 per cent excise tax on top of that, which makes the price $118. That is the price at which the manufacturer sells to the wholesaler. In most cases the wholesaler takes a markup of not more than about 25 per cent; therefore he adds to the $18 tax his 25 per cent, which brings it up to $22.50. The wholesaler in turn sells to the retailer, and most retailers take a margin of about 50 per cent. So the 50 per cent is added to the $22.50, and poor old John public has to pay $33.75 to enable the treasury to collect this $18 tax that the government has imposed on each $100 worth of goods. It is no wonder that the cost of living has gone up, with things of this kind happening. I feel this tax should be abolished.

Mr. Sinclair: I should like to give one word of explanation, Mr. Chairman. Last night the committee agreed to have schedule III, which is the list of goods which are exempt from sales tax, incorporated in *Hansard*. Unfortunately that was not done, so I will give the schedule to *Hansard* now.

SCHEDULE III

(GOODS EXEMPT FROM SALES TAX)

Foodstuffs

Barley; bread; butter; cheese; cream; eggs; egg albumen and egg yolks; glucose; honey; ice; lard; rice; salt; soups; split peas; sugar; yeast; yogurt; bakers' cakes and pies including biscuits, cookies or other similar articles; cereal breakfast foods not including beverages; fish and edible products thereof; flour including pastry, cake, biscuit, and similar mixes; foods prepared and sold exclusively for feeding infants; fruit, fresh, canned, frozen, dried or evaporated; grain grits and meals; jams, jellies, marmalades, and preserves; maple syrup; corn syrup; table syrups, molasses, and materials

to be used exclusively in the manufacture thereof; meats and poultry, fresh, cooked, canned, frozen, smoked or dried; milk, including buttermilk, condensed milk, evaporated milk, and powdered milk; peanut butter and shortening and materials for use exclusively in the manufacture thereof; spaghetti, macaroni, and vermicelli; vegetables, fresh, canned frozen or dehydrated, not including pickles, relishes, catsup, sauces, olives, horseradish, mustard, and similar goods; vegetable juices; fruit juices which consist of at least ninety-five per cent of pure juice of the fruit.

Farm and Forest

Bees; casein; fertilizer; hay; hops; shorts; straw; alfalfa meal; animals, living; baling twine for baling farm produce, and articles and materials to be used or consumed exclusively in process of manufacture thereof; beet pulp, dried; draintiles for agricultural purposes; farm produce sold by the individual farmer of his own production, not to include flowers, flowering plants or bulbs, when the sales thereof exceed five hundred dollars per annum; feeds for fur-bearing animals whose pelts have commercial value; forest products when produced and sold by the individual settler or farmer; furs, raw; gopher poison, and materials for use exclusively in its manufacture; grain or seed cleaning machines and complete parts therefor; grains and seeds in their natural state; harness for horses and complete parts therefor, and articles and materials to be used exclusively in the manufacture thereof; hides, raw and salted; logs and round unmanufactured timber; milk albumen, when for use exclusively in the production of animal or poultry feeds; nursery stock; oil cake, oil cake meal; peat moss when used for agricultural purposes, including poultry litter; poultry, cattle and other stock feeds; poultry, living; preparations or chemicals sold for disinfecting, dipping or spraying and so used in agriculture or horticulture, and materials for use exclusively in the manufacture of such preparations; sap spouts and sap buckets, evaporators and complete parts therefor, when for use exclusively for the production of maple syrup; sawdust and wood shavings; settlers' effects; vegetable plants; wool not further prepared than washed; woollen rolls or wool yarn milled for a producer of wool from wool supplied by him for his own use.

Engines

Internal combustion traction engines, and portable engines with boilers in combination, for farm purposes, or for use exclusively in the operation of logging, such operation to include the removal of the log from stump to skidway, log dump or common or other carrier, and complete parts of all the foregoing, and articles and materials, not to include plant equipment, to be used or consumed exclusively in the manufacture of the foregoing engines, boilers or parts thereof.

Mines and Quarries

Crushed stone or crushed gravel; gold and silver in ingots, blocks, bars, drops, sheets or plates unmanufactured; ores of metals of all kinds; sand, gravel, rubble, and field stone.

Marine and Fisheries

Boats bona fide purchased by fishermen for use in the fisheries, and articles and materials to be used exclusively in the manufacture, equipment or repair of such boats; carrageen or Irish moss; cotton duck and cotton sail twine to be used only in the manufacture of equipment for ships or vessels; rope and cordage of cotton, hemp, manilla or other vegetable fibre, not exceeding one and one-half inches in circumference, for the fisheries, not including these articles for sportsmen's purposes, and materials for use only in the manufacture thereof; materials for use only in the construction, equipment and repair of ships; materials used as ingredients in canned fish; ships licensed to engage in the Canadian coasting trade; sinkers, and floats including trawl kegs, when for use exclusively in the fisheries, not including these articles for sportsmen's purposes.

Religious, Charitable, Health, etc.

Insulin; radium; articles and materials for the sole use of any bona fide public hospital certified to be such by the Department of National Health and Welfare, when purchased in good faith for use exclusively by the said hospital and not for resale; artificial eyes; artificial limbs, and parts thereof; bibles, missals, prayer books, psalm and hymn books, religious tracts, Sunday school lesson pictures, books, bound and unbound, pamphlets, booklets, leaflets, scripture, prayer, hymn and mass cards and religious mottoes and pictures unframed, for the promotion of religion, and materials to be used exclusively in the manufacture thereof, but not including calendars, parish reports, forms, stationery or programs; donations of clothing and books for charitable purposes; liver extract for use exclusively in the treatment of anaemia; memorials or monuments erected in memory of members of the armed forces who lost their lives in the service of their country; war veterans' badges.

Printing and Educational

Manuscript; newspapers; books for the instruction of the deaf or dumb; magazines and literary papers unbound, regularly issued at stated intervals, not less frequently than four times yearly, and printing paper and printing ink for use exclusively in their production; photographs, paintings, pastels, drawings and other art work and illustrations of all kinds, whether originals, copies or proofs, and printing plates made to reproduce the same, for use exclusively as nonadvertising news pictures or for illustrating nonadvertising articles or stories in periodical publications enjoying second-class mailing privileges, the pages of which are regularly bound, wire stitched or otherwise fastened together; textbooks, printed, authorized by the Department of Education of any province in Canada and phonograph records so authorized for instruction in the English and the French language, and materials used exclusively in the manufacture thereof.

Diplomatic

Articles for the use of the governor general; articles imported for the personal or official use of the heads of diplomatic missions, high commissioners representing other of His Majesty's governments, counsellors, secretaries and attaches at embassies, legations, and offices of high commissioners in Canada, trade commissioners, representing other of His Majesty's governments, consuls general of foreign nations who are natives or citizens of the countries they represent and who are not engaged in any other business or profession; automobiles, cigars, cigarettes, manufactured tobacco, ale, beer, stout, wines, spirits, purchased in Canada by any of the foregoing.

Certain Building Materials

Bricks, building tile, building blocks, and building stone; plaster; lime, cement; lumber; sash; doors; shingles; lath, siding; stairways; plaster boards; fibreboard, building paper and materials, other than wallpaper, manufactured wholly or in part of vegetable or mineral fibre for wall coverings or building insulation; paints, varnishes, white lead and paint oil; prepared roofings; shower baths, bathtubs, basins, faucets, closets, lavatories, sinks and laundry tubs, not including repair parts therefor, nor pipes and pipe fittings; cast iron soil pipe and cast iron fittings therefor; glass for buildings; furnaces, hot

water and steam radiators not to include fittings, for the heating of buildings; locks and lock sets; structural steel to be used exclusively for the framework and support of buildings; articles and materials to be used exclusively in the manufacture or production of the aforementioned building materials.

Coverings

Usual coverings to be used exclusively for covering goods not subject to the consumption or sales tax and materials to be used exclusively in the manufacture of such coverings.

Firebrick, refractories, etc.

Firebrick, plastic refractories, high-temperature cement, fire clay and other refractory materials for use exclusively in the construction or repair of a furnace, kiln or other equipment of a manufacturing establishment, and materials to be used or consumed exclusively in the manufacture of such firebrick or refractory materials.

Processing materials

Materials (not to include lubricating oils or fuel oils) consumed, otherwise than by waste or wear, in the process of manufacture or production of taxable goods.

Machinery and apparatus to be used in manufacture or production

Machinery and apparatus, as defined by the Minister of National Revenue, and complete parts thereof which, in the opinion of the minister, are to be used directly in the process of manufacture or production of goods; provided that this exemption shall not apply to office equipment or motor vehicles.

Miscellaneous

British and Canadian coins and foreign gold coin; electricity; fuel other than in liquid form; natural gas and gas manufactured from coal, calcium carbide or oil for illuminating or heating purposes.

Goods enumerated in customs tariff items

173, 209b, 236b, 352a, 364, 406, 409, 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409h, 409i and complete parts thereof, 409j, 409k, 409q, 439c, 440k, 460, 476, 476a, 480, 480a, 538, 663b, 666, 667, 682, 692, 692b, 693(i), 695a, 695b, 696, 696a, 698, 700, 701, 702, 703, 704, 708, 786, 848.

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, 409j, 409k, 409o and 439c, when imported by manufacturers for use exclusively in the manufacture in their own factories of the goods enumerated in the aforesaid tariff items, under regulations prescribed by the minister.

Articles and materials to be used exclusively in the manufacture of goods enumerated in customs tariff items 173, 406, 409, 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409h, 409i, 409j, 409k, 409q, 410b, 411, 411a, 411b, 439c, 440k, 476, 476a, 480, 480a, 538, 663, 663a, 663b, 666, 667, 696, 848.

Materials not to include plant equipment consumed in process of manufacture or production, which enter directly into the cost of goods enumerated in customs tariff items 406, 409, 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409h, 409i, 409j, 409k, 409q, 410b, 411, 411a, 411b, 439c, 440k, 476, 476a, 480, 480a, 538, 663, 663a, 666, 667, 696.

There was also some discussion about incorporating the schedule referring to the old excise tax rates. It has been pointed out to me that since all those rates are now changed to a flat 10 per cent, there is not much point in incorporating the schedules in the old act—that is, schedules I, II and III. They will be found consolidated in the new bill when it is brought in after this resolution is carried.

One other point was brought to my attention. I described the four main groups of goods in this country now, so far as taxation is concerned: the first group, on which no sales tax was levied; the second group, everything else on which sales tax was levied; the third group, on which a 10 per cent excise tax was levied in addition, and finally, the liquor and tobacco group, which has always had a traditionally high tax. There is one other small group covered by schedule IV of the act, which provides that goods made by either the institute for the blind or by deaf and dumb schools are subject to only half the sales tax.

Mr. Fraser: To go a little further in this matter: as I said before, the manufacturer's price, let us say, is $100. He adds the 8 per cent sales tax, and the 10 per cent luxury tax brings the tax up to $18, which makes the wholesaler's price $118. The wholesaler's margin is 25 per cent; therefore to that $118 is added his $29.50, which brings up the retailer's cost to $147.50. The retailer makes a margin of 50 per cent, which adds another $73.75, which brings the price of a $100 article up to $221.25 to the public. That is why I say this tax should be done away with.

Mr. Isnor: I should like to say a word in reply to the hon. member who has just referred to the profits made by retailers. Evidently the hon. member, who has built up a case on the basis of an increase from $100 to $221.25, is not at all familiar with retail practice. I doubt very much whether any hon. member who has spoken on this question has dealt with it from a real knowledge of merchandising. I want to say definitely that it was a good move to change the 25 per cent excise tax to 10 per cent. It was a good move because it made possible the purchase of luggage and many other articles that do not come within the scope of luxury items. More than that, the 25 per cent profits tax never had a profit added to it. It meant nothing to the retailer except additional worry to collect the tax and pass it along. It also prevented the sale of luggage to many customers who required it.

When the hon. member takes $100 and adds an 8 per cent sales tax to it, he is doing what is right. The manufacturers charge and collect an 8 per cent sales tax for the government. In addition they collect a special 10 per cent excise tax for the government. The retailer does not make any profit or markup whatsoever on that $18.

Mr. Fraser: Certainly he does.

Mr. Isnor: It is all very well for the hon. member, who does not know what he is talking about, to say that he does. The fact remains that no reliable firm in Canada will put a markup on that 10 per cent. I venture to make that assertion here today.

In addition to that, the hon. member first adds $18 to the manufacturer's price; then he puts 25 per cent on that, which makes $29.50. I do not know where he gets the 25 per cent. Then he adds another 50 per cent. The average retailer adds to his first cost what is considered a reasonable markup to make it possible for him to pay his rent and overhead expenses, including help. That figure is anywhere from 23 per cent to 29 per cent, depending on the type of business. After he has paid all his expenses, the net profit remaining to him, roughly speaking, amounts to anywhere from 3½ per cent to 6 or 7 per cent. That is the story. That applies to most reliable retailers throughout Canada from the Atlantic to the Pacific. It is quite true that there is the odd case—the hon. member does not indicate a thing by shaking his head. He may shake it one way or the other. He may shake it up or down, but these are the facts. I wanted to say this word in fairness to the retailers throughout Canada.

Mr. Fraser: The hon. member has been in business for a long time. I do not know what his practice is, but let us suppose he bought an article on which there was a hidden tax, and he paid $100 for that article. Suppose he asked the wholesaler how much tax was included in the price, and the answer was $18; he would not say: I will mark it down $18 and then take my profit on the figure thus arrived at. That is not the way business is done. The figures I gave are not my own figures. They are from retailers from coast to coast, from Halifax to Victoria. They are figures obtained from over 3,700 people.

Mr. Isnor: Would the hon. member be good enough not to quote a hundred or twenty-five or ten or eleven, but just one? Give us the figures of one retailer from Halifax. Give us the name of one firm. That is all I am asking.

Mr. Fraser: All right; any jewelry firm or hardware firm in the hon. member's city will tell him these are the facts.

Mr. Sinnott: The hon. member said he could give the names.

Some hon. Members: Give the name.

Mr. Warren: Give the name.

Mr. Hansell: I do not want to interfere with the little boxing bout that is going on between the senior member for Halifax and the hon. member for Peterborough West. It does seem to me that the hon. member for Peterborough West is one punch ahead, but I shall leave that for the referee to decide. I am interested in the people and what they pay in hidden taxes. The leader of this group had something to say on that yesterday afternoon, and I fully support him in what he said. I believe the people of Canada have a right to know what they are paying in taxes every time they buy an article or whenever they do business.

I do not smoke. I understand that those who do smoke pay a lot of taxes that they do not know they are paying. I understand that if they buy a package of cigarette papers the actual price of the papers may be three cents, and there is an additional ten cents which is a tax. I do not know whether they know that or not, but I contend that on every package of cigarette papers it should be indicated that the buyer is charged ten cents for the privilege of rolling his own, and that that ten cents goes to the government.

If I had my way I would insist that on every price tag the actual price of the goods should be marked, and, in addition, the amount of tax imposed. I believe that was done in some instances during the war. We in this corner of the house believe that it is not necessary to tax to the extent that governments do today. I am not going into that now. We have said that over the past fifteen years. We believe that a substantial proportion of the money that is used by governments today could be obtained by methods other than taxing or borrowing. Be that as it may, it does seem to me that the power of money manipulation works in the dark. There is no question about that; otherwise there would not be the ignorance that there is in the country concerning money.

I do not know whether I heard a hee-haw coming from the other side of the house, but even the type of creation that uses such an expression does not understand very much about money. Holy Writ warns us about the hidden things of darkness. I believe that some of these things should be brought to light. There may be some reason to suspect that those who operate this vicious and yet powerful system would want some things hidden. The idea is not to let people know too much about it, so the tax is hidden.

I have here an empty cigarette package. While I do not know much about cigarettes, I have been told by one who smokes that this little sticker on the package has something to do with the excise tax. Upon looking

at it I find it has the appearance of a stamp —indeed it is so designed that it looks like a valuable piece of paper—

Mr. Sinclair: It is.

Mr. Hansell: —as though it might have been cut from the corner of a $20 bill. I read it and I find it bears the imprint: "20 cigarettes". I do not know whether a person buying cigarettes would insist every time he bought them upon being informed that he is buying twenty of them. Surely he would understand that. What he does not know is the amount of tax he is paying on that package of cigarettes.

My leader tells me that the man who buys cigarettes is paying 29 cents in taxes every time he buys a package. Instead of a small stamp bearing the imprint "20 cigarettes" I say it should bear the words: Your government is now taxing you 29 cents on this package of cigarettes. In this way the tax would not be hidden from the eyes of those who smoke the things within the package. The blame for the tax should be placed squarely on the shoulders of the government imposing it. People should not be left under the impression that it is the manufacturer who imposes the tax—and there may be some who have that impression.

I am serious in what I say. During the war it was provided by certain regulations of the wartime prices and trade board—and if in any details I am wrong, I shall stand corrected—that, in order to have fair business practice in the fur trade, any fur when advertised had to be properly described as to the type of fur used. It was not good enough to say, "This is muskrat"—because it may not have been muskrat; it may have been tomcat. In advertising the fur the advertiser had to state the type of fur being used; if it was dyed rabbit, it had to be so stated. Under that regulation which, in my view, was a good one, people knew what they were buying. No one will gainsay that.

The same should apply in connection with taxes. People should know how much they are paying in taxes and how much for the actual article. I urge therefore that we do away with hidden taxes. Believe me, if people knew every time they spent a dollar here or there how much of it went for taxes it would not be long before they would be aroused to the necessity of some type of monetary reform.

Mr. Blackmore: They would stop blaming private enterprise then.

Mr. Knight: Mr. Chairman, there is no specific item under which I could mention the commodity I should like to bring to the attention of the committee, because it is not one of the commodities from which the tax has been removed. I wish, however, to protest against the tax on ice cream.

Mr. Sinclair: Resolution No. 5 would be the proper one.

Some hon. Members: Carried.

Mr. Knight: No, the resolution is not carried.

Mr. Sinclair: The hon. member is out of order if he attempts to discuss a sales tax on the excise tax item. I suggest that he wait until we reach resolution 5.

Mr. Knight: I am asking the Chairman for his ruling.

The Chairman: I suggest that the hon. member wait until we are discussing resolution 5.

Mr. Coldwell: I agree with the hon. member for Peterborough West and disagree with the senior member for Halifax. After all, I believe I learned to disagree with the senior member for Halifax when some years ago I used to listen to the leaders of the party to which he belongs. In those days—and I argued the same way; I admit it—the imposition of a tariff was always alleged to be an imposition on the public, because it was not the tariff that the people paid but the pyramided price at the retail end, at which stage the cost price included the original cost and the tariff in the first instance, with at every stage the additional amount of profit added to both the original value and the tariff, and pyramided profits on both.

I think this is perfectly true with regard to the tax we are discussing today. Yesterday the parliamentary assistant referred to the dollar article with the 10 per cent tax on it, which, of course, amounted to ten cents. Then he used an extravagant markup, which is not generally used, but which I shall use because it makes a simple computation—and we reach the point where we have one dollar becoming two dollars. The 10 per cent, it is true, is 20 cents on the two dollars. But as a matter of fact when you compute the markup you are not paying 10 per cent on the two dollars, but rather 20 per cent on the original dollar—which is a different thing, indeed.

The only difference is that in one case the government gets the whole tax, and in the other case the public pays it and it is distributed to the wholesaler, the jobber, the retailer or whomever it may be. The difficulty is that the consumer pays and the government actually loses revenue in that way. I agree with the hon. member from the Social Credit group who has just spoken when he states that these things should be made known to the public.

I know that in British Columbia, Saskatchewan and other provinces where they have had sales taxes, there have been outcries against sales taxes to the extent of two or three per cent, forgetting all about the federal sales tax of 8 per cent and all the other hidden taxes. We never heard anything about that—and the strange feature of it all is that supporters of the Liberal party are the most violent critics of provincial sales taxes, when they are collected directly from the public in amounts of two or three per cent—despite the fact that the federal tax imposed by the government they support is many times that large.

I agree, therefore, that these taxes should be stated to the extent we can have them stated. I do not like the idea of changing the present tax at the retail end to one at the manufacturer's end.

Mr. Low: There is one suggestion I would pass on to the parliamentary assistant which might be followed up by his department. I believe all the discussions thus far on sales and excise taxes indicate that there ought to be some source from which members of the House of Commons can obtain authentic information as to the portion of the consumer price which in reality is taxation imposed by this or other governments, and that portion which is legitimate cost. A good many attempts have been made by associations such as the retail merchants' association to compute the effect of excise and sales taxes on consumer cost. I suspect that some of the figures given by the hon. member for Peterborough West came from such a source. If they are not correct—

Mr. Fraser: They are correct.

Mr. Low: I am only saying that if they are not correct, surely it is necessary that there should be placed at the disposal of agencies of that kind information that will make it possible for them to get the correct figures. I am aware of certain investigations that have been carried on in the United States, and calculations founded on fact indicate that up to 86 per cent of the consumer cost of a gallon of oil used in the transmission of an automobile consists of taxation imposed by either the state or the federal government, mainly the federal government. On a pair of denim overalls used by a farmer, up to 70 per cent of the consumer price consists of taxes imposed at various levels in manufacturing and distribution.

Mr. Blackmore: When they are pyramided.

Mr. Low: When they are pyramided. I think the parliamentary assistant could do this committee a service by making available these figures in connection with certain of the common articles used by the people of Canada from day to day, so that the consumer may know exactly what is tax and what is legitimate cost.

Mr. Harkness: I should like to bring up the matter of portable sprinkler irrigation systems. I referred to this in the debate on the address, and requested that when the budget resolutions were brought down provision be made for removing the tax on this type of farm equipment.

The Chairman: That would come under resolution 5.

Mr. Harkness: I will take it up under No. 5.

Mr. Black (Cumberland): I want to protest against the continuance of the 10 per cent tax under 3 (a), on trunks, suitcases, bags and luggage of all kinds. We are thankful that this war tax is being reduced from 35 to 10 per cent, but these articles are not luxury items and there should be no tax at all. This industry was imposed upon during the war to a greater extent than any such industry in the country.

In my constituency there is a small industry which started from limited beginnings but has grown to a fair size. Of course, it cannot compare with the large industries in the country, because it does not manufacture a full range, its products being only staple items. During the war a tax of 35 per cent was imposed upon the products of this industry. I doubt if there is a member of the house or a household in the country without a trunk, a suitcase, a bag, or luggage of some kind. Therefore I submit these articles are a necessity. I cannot understand why they should be classed with ash trays, tobacco pipes, smokers' accessories, and luxuries.

This tax cannot be justified, particularly in view of the recent devaluation of the pound sterling, which creates serious competition for this industry. Has the department taken into consideration this additional competition which the industry in my constituency and other such industries throughout Canada will have to contend against? Articles are coming into this country under a 20 per cent preference and are taking business from industries of this kind.

I consider this an unfair, unreasonable and unjust tax, and I do not believe it should be continued. If it were in order I would move that this 10 per cent tax on trunks, suitcases, bags and luggage of all kinds be deleted from the resolution.

Mr. Isnor: I should like to associate myself with the hon. member for Cumberland in the representations he has made for the elimination of the 10 per cent tax on luggage. I do

not do this because I am a retailer selling luggage, but rather because I feel that this industry should not receive this treatment. I want to emphasize the point made by the hon. member, that this tax places the Canadian manufacturer of luggage in an unfavourable position owing to the devaluation of the pound. A large quantity of English leather goods is coming into Canada, and with the devaluation of the pound the competition is going to be that much keener and the Canadian manufacturer will be placed in an unfair position.

The firm to which the hon. member referred, Christie Trunk and Bag Company, Limited, is a fine company which is making a good article. They are in competition with the rest of Canada, and I am anxious to see them maintain their position and continue on a fair competitive basis.

May I say to the hon. member for Cumberland that I was one of those who went to the government last year to make representations to have the 35 per cent tax reduced to the present 10 per cent. Of course we asked for the complete elimination of the tax.

For the benefit of those who do not know how this business is handled, may I say that in the case of luggage the price ticket states the tax. There is no hidden tax such as has been referred to by the hon. member for Rosetown-Biggar. Everything is distinctly marked on the price ticket, and prices are more or less set by the manufacturer.

Let me say in fairness to retailers, not just those in Halifax but in British Columbia and throughout the whole dominion—

Mr. Coldwell: We were not criticizing the retailer.

Mr. Isnor: The hon. member started out to criticize them.

Some hon. Members: No.

Mr. Fraser: No, we did not. We were criticizing the government.

Some hon. Members: Order.

Mr. Isnor: We can read what was said. I think I can follow an argument as well as the average person. Hon. members certainly tried to contend that the retailer was selling at an excessive profit, due largely to the pyramiding of the taxes. That is the position in which they try to place retailers. I want to defend the retailer and say that on the whole—and there are a great many of them throughout Canada—they are trying to carry on the same fine type of business that is carried on by other trades. I think it is safe to say that because of wartime restrictions the retailer today is making less profit than he ever made before. I do not know whether hon. members who criticize retailers, including the hon. member for Rosetown-Biggar—

Mr. Coldwell: I rise on a question of privilege. We have not criticized retailers.

Mr. Fraser: No one has.

Mr. Coldwell: No one has. If the retailer pays out $1.25 he is entitled under our present system to a profit on his investment based on $1.25. We are not complaining about that.

Mr. Graydon: You have a man of straw there.

Mr. Isnor: If the hon. member for Rosetown-Biggar is withdrawing his argument, it is all right with me.

Mr. Fraser: No; he did not withdraw his argument.

Mr. Low: You just do not understand.

Mr. Isnor: The hon. member says the member for Rosetown-Biggar does not understand. I agree with him.

Mr. Coldwell: What is that?

Mr. Fraser: No; it was you who did not understand.

Mr. Low: The hon. member for Halifax did not understand.

Mr. Coldwell: I am sorry, but the hon. member for Halifax does not seem to understand anything.

Mr. Fulton: He does not even understand what he is saying himself.

Mr. Isnor: I am most willing to be taught at any time. I have done fairly well in the retail business and made a profit in a fair legitimate way.

Mr. Drew: At 25 per cent or 50 per cent?

Mr. Isnor: I was about to say that today retailers are carrying on with a closer margin than ever before.

Mr. McIvor: That is right.

Mr. Fraser: We all agree with that.

Mr. Isnor: You can criticize them as much as you wish—

Mr. Fraser: Nobody criticized them.

Mr. Isnor: You may also criticize the price setting plan, but there are a great many manufactured lines today in which the retail price is more or less suggested to the retailer. The retail price is closer to cost than it ever was before. I think I should set hon. members right as to that. That is all I care to say at this time.

Mr. Church: I wish to support what the hon. member for Cumberland has said about the excise tax. He forgets, however, that departmental officials throughout the country will interpret the word "accessories". Having certain powers, rights and privileges, they will notify the various excise collectors what to do. The resolution may be passed in the twinkling of an eye, but departmental officials will write something different into the resolution. They can make rules and regulations apart from it. I think we should be most careful about the language that is used. I have seen examples in the city of Toronto of what happens, and I have had many complaints from retail merchants and others engaged in this kind of business. They say that they have great difficulty, and that there are different interpretations made in various places. We should clarify the matter, because if the committee passes the resolution it means it will be enforced in some places and not in others. There will be different interpretations. The department will interpret the word "accessories" as meaning something that was never intended by the resolution.

Mr. Thomas: As to the statement made by the senior member for Halifax, I should like to say that I have been in business in one way or another for the past seventeen years. Some day I hope to have the privilege of going to Halifax and watching the hon. member work out his profit. During all the time I have been in business I have never been accused of nefarious practices. When an article costs me $1.25 I have always figured my profit on a cost of $1.25. There is no man in business in Canada today who has the time to check over all the statutes of Canada to figure out how much he has been charged in taxes, and take that off before he figures his profit.

Mr. Low: Not even the hon. member for Halifax.

Mr. Thomas: Not even the hon. member for Halifax. If an article costs a man $1.25, he is entitled to his profit on that $1.25.

Mr. Murphy: Would this be the appropriate time to inquire from the parliamentary assistant what the excise taxes are on tobaccos in various forms?

Mr. Sinclair: The hon. member can find that in the Excise Act. None of these resolutions pertain to tobacco or spirits.

Mr. Church: You will tie up the Christmas trade. You will not be able to get your goods out of customs.

Mr. Stanfield: I should like to ask the parliamentary assistant if under the old law the retail purchase tax was 25 per cent on the retail price. They have made a pretty smart move. They have removed the 25 per cent tax because the public demanded it, and now they are making the manufacturer and importer collect the tax, and are hiding it so that nobody will know anything about it. Like other hon. members, I think that the tax should be shown so that people will know exactly what they are paying. The same applies to the sales tax. If the amount of the sales tax had to be shown on each article purchased, there would not be any sales tax today because people would be so much annoyed. You would need so many votes over there that you would take the sales tax off.

Mr. Low: I should like to ask the parliamentary assistant about the suggestion I made a few minutes ago. Does he not think that full information should be made available so that members of the house might know exactly what the situation is?

Mr. Sinclair: I was advised yesterday that I was too eager to answer questions, and I was waiting until each resolution was fairly well completed to answer the points which have been raised. As to the question of the hon. member for Peace River, whether it would be practicable to have the sum total of all taxes shown on every item—

Mr. Low: Not on every one—on a representative group.

Mr. Sinclair: The hon. member says "not on every one"; but where is he to draw the line?

Mr. Low: Take a representative group.

Mr. Sinclair: The principal taxes in Canada, on the federal level, are personal income tax, corporation tax, and excise tax.

Mr. Low: I am speaking of hidden taxes.

Mr. Sinclair: The hon. member accused me of being too eager yesterday; now he is somewhat eager himself. In the final tax fraction of the cost of an article these hidden taxes are embodied. Property tax is paid by the factory that made the article, also corporation taxes and provincial taxes on that level. All these are represented in the cost of the article. If you want to know where the federal taxes are to be found that the people of Canada pay, in the Excise Act there is specific information as to where taxes are levied.

The next point raised was about the matter of markups. I agree with the hon. member for Halifax that there has been a great change in opinion on the other side of the house between yesterday and this afternoon. We heard that when the government put the

tax on the manufacturer's level, the wholesaler, the jobber and the retailer were able to pyramid it, and the hon. member for Rosetown-Biggar said that the retailer added these extra taxes on the retail level. There was a complete change when the hon. member for Halifax suggested there was an implication that retailers were taking advantage of these taxes.

Mr. Drew: When he misrepresented what had been said.

Mr. Sinclair: Let me say a few words about the actual form that these taxes take. If we had price control in Canada, and had definitely allotted markups, as we did under price control, then the arguments made would have been true, although even then we exempted taxes from these markups. Today we have not price control. The actual markups of the retail merchants of Canada today may be represented in terms of percentages. They are determined by the merchants on their experience of the actual cost of doing business. The same is true all the way up—the jobber, the wholesaler and the retailer. When these people receive an article from the manufacturer, they have to provide a place for selling it, employees, the cost of financing the transaction, bad debts, various social insurances such as workmen's compensation and unemployment insurance—all these things are part of the cost of doing business. Then comes the return on the investment. The actual cost of doing business also depends to some extent on the type of article produced. The member for Moose Jaw could probably give the house excellent examples of the difference in cost when one handles a very small article and a large article.

Mr. Thatcher: It made no difference on the articles I handled for the parliamentary assistant.

Mr. Sinclair: I want to be the first to thank the member for Moose Jaw for the very low markup he took on the article he handled for me. I believe the hon. member could give a full explanation of all these things which are incorporated in the wholesalers' and retailers' cost of doing business.

Then, as a general rule of thumb, in order to obviate the necessity of making many calculations, the merchant adds a 10, 15, or 20 per cent markup as the cost of doing business. Let us return to the article costing a dollar, which I mentioned yesterday and which the member for Rosetown-Biggar took as a good example because the calculations involved are simple. This article cost a dollar, and after going through the jobber, the wholesaler and the retailer, it resulted in a 100 per cent increase, so that without sales tax the article would cost $2. Formerly, with the addition of the 25 per cent sales tax, the selling price to the consumer would have been $2.50. Those people have said, therefore, that according to their experience the cost of doing business on a one dollar article was $1.

We are now charging 10 per cent at the manufacturers' level. This means that after these three people calculate the cost of doing business, they add this extra 10 per cent. Ten cents in the case of a dollar item does not seem very large. However, when one considers that it is a thousand dollars on ten thousand dollars, and that the carrying charges on such a sum would be an extra charge on the business it begins to loom quite large. A manufacturer should be able to give a price of $1.10, then have the article go through these three stages and reach the consumer at $2.11. Whether it is sold for $2.11 or $2.20 will depend upon competition.

We are now returning to a position of abundant supply. You see evidence of competition every time you pick up your newspaper. Sales are advertised, and we realize that competition is returning. If there is no competition, the merchant may be able to get $2.20 instead of the $2.11 which I have used as an example. However, under our system there is an opportunity for a smart young retailer such as the member for Moose Jaw or the member for Halifax to say: There is a business in which a good profit is to be made, so I am going to enter that business. That is how this markup system functions in our economy.

Mr. Black (Cumberland): What is the justification for continuing a tax of 10 per cent on such necessities as are listed under resolution 3(a)—trunks, suitcases, bags, and luggage of all kinds?

The Chairman: We are still on resolution 2.

Mr. Black (Cumberland): Are we to continue discussing item No. 3? We have been discussing it most of the time lately.

The Chairman: Shall resolution 2 carry?

Mr. Fraser: Resolution 2 has been carried.

Mr. Sinclair: Go ahead.

Mr. Black (Cumberland): The parliamentary assistant kindly tells me to go ahead.

Mr. Carroll: On what item are we now?

The Chairman: Resolution 3.

Mr. Gillis: Resolution 2 has not carried yet, has it?

The Chairman: Shall resolution 2 carry?

Some hon. Members: No.

Mr. Black (Cumberland): The parliamentary assistant has said that I may continue.

Mr. Gillis: On a point of order, are we considering resolution 2 or resolution 3? If we are considering No. 2, the member for Cumberland is out of order. There are many of us who wish to say something about No. 2, and we do not want to be told we are out of order, Mr. Chairman, if you permit the discussion on No. 3 to continue.

The Chairman: Shall resolution 2 carry?

Some hon. Members: No.

The Chairman: We are considering No. 2.

Mr. Gillis: The parliamentary assistant's explanation of the sales tax and how it is applied is almost as clear as those radio broadcasts. It would take four or five radio broadcasts to clarify it, but I do not intend that to be any reflection on him.

According to resolution No. 2, you are repealing the purchase tax. Now, the general sales tax is a purchase tax. Most of the people outside of this chamber who read resolution No. 2 and the discussion on it will assume this government is repealing the general sales tax of 8 per cent, because that applies on practically everything one purchases.

Mr. Sinclair: The hon. member is completely out of order, of course.

Mr. Gillis: I should like to get these taxes clarified. My impression of what is being done by resolution 2 is that the tax of 25 per cent which applied to certain luxuries during the war is being removed.

Mr. Sinclair: That is right.

Mr. Gillis: I believe that none of the taxes which applied to luxury goods during the war should be retained. The way the section is worded makes it misleading. It speaks of the "retail purchase tax", and the sales tax is a retail purchase tax. The sales tax of 8 per cent is applied by the retailer on goods purchased by the consumer. If a person buys lumber, hardware, almost anything else, he is charged the 8 per cent sales tax. I paid it on lumber I purchased less than two months ago. Some of the retailers are honest enough to mark it in as an 8 per cent sales tax, and you know what you are paying.

I suggest to the parliamentary assistant—I know he is new at this job, but perhaps he will learn as he goes along—that his explanation of this retail purchase tax should be clear and precise. Someone should say that the government is removing the 25 per cent luxury tax charged on certain luxury goods during the war, but is applying a 10 per cent tax at the manufacturers' level. Then anyone who purchases an article within the field covered by this resolution will understand that no retailer or wholesaler has the right to a markup on the 10 per cent tax. It is being removed completely, and the manufacturer is going to absorb it. None of it can be passed on to the consuming public. Am I right?

Mr. Sinclair: The hon. member is wrong in almost everything he has said so far. Resolution 2 very clearly says that the retail purchase tax, which, in order to distinguish it from the federal sales tax, is the legal name by which this tax has been known since it was brought in, is being repealed and will be replaced by an excise tax of 10 per cent. I do not know how much more simply it can be expressed. I do not know how much simpler the English language can be.

As to his second point, on the eight per cent federal sales tax, it was never levied at the retail level. It has always been levied at the manufacturer's level. As to lumber, the eight per cent federal sales tax on lumber was removed at least three if not four years ago. This schedule III which will be on *Hansard* today—that is schedule III of the present Excise Tax Act—gave a long list of items which in this country today carry no sales tax; that is, no federal sales tax. Foodstuffs and building materials led all the rest of the parade. If the hon. member says that he bought lumber just two weeks ago and paid an eight per cent retail sales tax on it, I would suggest to him that he should see his good friend the hon. member for Lake Centre and institute an action in the matter.

Mr. Gillis: Two months ago. That is just about as clear as was the first statement by the parliamentary assistant. You are repealing the luxury tax of 25 per cent that was imposed during the war and which was handed on to the public.

Mr. Sinclair: That is right.

Mr. Gillis: You are repealing that tax and imposing a 10 per cent tax on the manufacturer.

Mr. Sinclair: That is right.

Mr. Gillis: That is clear enough. That is exactly what I said in the first place. That is the kind of explanation I want on the record, so that people outside the chamber, in reading it, will understand it.

Mr. Sinclair: It is on the record.

Mr. Gillis: It was not on the record before; it is now. That is all I want to find out. I will reserve any questions I have on the general sales tax until we come to item 5.

Mr. Thatcher: I agree with the hon. member for Peterborough West in what he said about this pyramiding of taxes. I do not think there is any member in this committee, regardless of the party to which he belongs, who would suggest that these indirect taxes are not going to pyramid; and naturally, if they start at the manufacturer's level and go through the wholesaler and retailer, they will pyramid a great deal more. As I see this resolution No. 2, although it is not all we should like it to be, it is certainly a great improvement over the law we had before. I certainly do not see why the government cannot collect this tax much more easily and much more efficiently from, say, five or six manufacturers than from 50,000 or 100,000 retailers throughout the country.

Speaking from my own experience, I remember one instance in which we had an indirect tax; there was a tax on pitchers. If it was a pitcher that you put water in, the tax did not apply; but if it was a pitcher that you put on the mantelpiece, you had to pay the tax. I remember that our salesgirls always had a great deal of trouble; it was difficult for them to know when they had to charge tax and when they did not have to charge it. While this resolution is not what we should like it to be, I think it is a great improvement over what we have had.

Mr. Fraser: The hon. member for Halifax can see my correspondence at any time with regard to what I said previously. When he was speaking, he gave the house to understand that he alone was the one who had the 25 per cent luxury tax removed.

Mr. Isnor: No, I did not.

Mr. Fraser: He tried to imply that.

Mr. Isnor: I said that I was one of those who waited on the government. It was a fine delegation.

Mr. Fraser: I might say that the Minister of Finance received thousands and thousands of letters from every part of the country with respect to that tax. That is why it was removed. I waited on the minister not once but many times with regard to that tax. Through you, Mr. Chairman, I say to the hon. member for Halifax that no one today has criticized the retailers. In my experience I have found only one retailer who was not honest. I do not think it was fair of the hon. member for Halifax to even suggest that anybody criticized the retailers.

Mr. Isnor: Your whole criticism was based on that theme.

Mr. Fraser: I will say this to the hon. member for Halifax, who has criticized us for having given the retailer a markup of 50 per cent. Yesterday as reported at page 1603 of *Hansard* the parliamentary assistant said:

> But mathematically, even though they had, for example, a 50 per cent markup on the $1.10 they would now . . .

And so on. The parliamentary assistant mentioned 50 per cent. The average retailer does charge a 50 per cent markup. Some have to charge more. It depends on whether an article is slow moving and has to be carried in stock for months and months and perhaps years.

Mr. Isnor: Consult any of your grocers.

Mr. Fraser: I am not talking about grocers.

Mr. Isnor: You are talking about retailers.

Mr. Fraser: Because there is not this excise tax on the goods they handle.

Mr. Isnor: You are talking about retailers, though.

Mr. Fraser: I am talking about retailers that are interested in this tax. I am not talking about clothiers either. I agree with the hon. member who preceded me that this tax is better than the 25 per cent tax; but still it is a hidden tax and is one that should be done away with.

Mr. Hansell: I spoke a little while ago about this excise stamp on cigarette boxes. The parliamentary assistant did not say anything about it in reply. Perhaps it was too insignificant for him to bother about. I know that in my speeches I perhaps have a habit of injecting a little bit of levity once in a while, but I do not want any minister of the crown or any parliamentary assistant to think that, because I do that, I am any the less serious in what I say. Sometimes we need to loosen up a little bit in this chamber. Since I called the attention of the parliamentary assistant to this excise stamp, stating that there were twenty cigarettes in this box instead of saying what the tax on those cigarettes was, some public-spirited citizen has sent in to me a little package of matches. I want to compliment the House of Commons for getting these little things out with the crest on them. But there is also printed on the folder: "Excise tax, $\frac{1}{5}$ cent, paid." I should like to know why that "$\frac{1}{5}$ cent, paid" is printed on this folder but the amount paid for tax is not printed on the stamp on the cigarette boxes. Why is there that difference?

Mr. Gillis: They are ashamed to put it on.

Mr. Hansell: Either that, or some pressure from somewhere has been exerted to have "20 cigarettes" printed on there instead of the

amount of tax. Will the parliamentary assistant explain why that is there? I am certain that the smoker knows already that there are twenty cigarettes in that package.

Mr. MacInnis: At what stage?

Mr. Hansell: Can the parliamentary assistant explain that situation to me? It is not something that is of small value at all. There is a principle involved, and there is some reason why the excise stamp states that there are twenty cigarettes in the package and yet does not state the amount of the tax.

Mr. Sinclair: The actual tax on the cigarettes, to which my hon. friend refers, is not an excise tax under this act but an excise duty. The reason that the number of cigarettes is mentioned is this. That tax has been in effect for at least fifty years as on that stamp form. As the tax on cigarettes and tobaccos has varied from budget to budget, if after each budget we had to withdraw all the stamps that were already issued and paid for by the cigarettes and tobacco companies, and bring them back, there would obviously be this extra needless expense at each change in the actual rate. All the stamp shows is that on twenty cigarettes the present excise duty has been paid.

As to the second point, I know he will be glad to know that under resolution No. 6 we are getting rid of that stamp tax on matches and are replacing it with a 10 per cent excise tax. I can answer that question further when we come to resolution No. 6.

Mr. Gillis: I should like to ask one question before we leave this matter. Did I understand the parliamentary assistant to put a schedule on record setting out the articles affected by this tax?

Mr. Sinclair: Yesterday afternoon, at the request of the committee, I asked *Hansard* to put on record schedule III of the Excise Act passed last session, which lists all the articles which are exempt from the payment of either sales or excise tax. It was not given to *Hansard* but it will be included in today's *Hansard*. Sections 1, 2 and 6 of our present Excise Act list all the excise taxes. Since most of these are being changed from a variety of rates, 15 per cent, 25 per cent and so on down to 10 per cent, there does not seem to be much point in including that. We should wait for the new bill which will be presented after these resolutions are disposed of, which will have a consolidation of the excise tax rates.

Mr. Browne (St. John's West): I agree with what the hon. member for Peterborough West said at the beginning of the discussion this afternoon. I do not think his argument has been answered by the parliamentary assistant who is piloting these resolutions through the committee. I refer to the pyramiding of the costs to the consumer. If an item costs $100 and there is a 10 per cent tax placed on it and a wholesale profit of 25 per cent added and then a retailer's profit of somewhere around 50 per cent, is it not correct, Mr. Chairman, that the consumer then has to pay an extra amount of profit, since percentages are added to the 10 per cent at the beginning? So far as the government is concerned the same result would be arrived at if approximately 6 per cent were put on at the retailer level. On an item costing one dollar it would mean a saving of about 9 cents to the consumer. Why should the consumer have to pay another 9 per cent more than would be necessary to collect the same amount of money for the government?

Mr. Sinclair: I tried to explain as best I could what happens on the actual build-up of what is called the markup. The position of the opposition is this. They are not criticizing the retailer. They agree that most retailers are working on a very low margin of profit; that is, dollars and cents profit, because that is the only sort of profit that pays bills, not percentages. Therefore if you say there is pyramiding certainly the government is not getting it. It means the retailer is getting it, and yet the assertion is made that the retailer is working on a low margin. It is obvious, whether the tax is put on at the wholesale or the retail level, the retailer is still going to have that amount of money in percentages, the amount of money necessary to market the goods. That is the argument. It is quite true that if the government levied the sales tax at the retail level instead of the manufacturers' level we could cut the rate in half, if the whole markup was a hundred per cent. The factor which gauges the tax rates that the government has is the amount of revenue we must raise to satisfy the needs of the Dominion of Canada. I have noticed that many hon. members are anxious to have taxes abolished, but I also notice that when the estimates are up for discussion many hon. members are most helpful to the ministers in suggesting bigger expenditures in their particular fields. I have not very much experience in the house of hon. members offering some new tax fields for the government to enter to raise more money, or alternatively where cuts may be made in some of the government departments. In the Department of Finance we are faced with the problem of raising the necessary money, through taxes, to meet the estimates of expenditures of the federal government.

Mr. Browne (St. John's West): That does not answer the point. To be more explicit, suppose an article costs one dollar and the tax of 10 per cent is not put on in this fashion, and the wholesaler's profit, for argument's sake is the amount that the hon. member for Peterborough West suggested, namely, 25 per cent. That brings the price to $1.25 at that level. The retailer charges 50 per cent markup. That brings the price to $1.875. With a 6 per cent tax at the retail level the government could get more money than it would get with the 10 per cent tax at the manufacturer's level, and the total cost of the article would be $1.97.

Mr. Sinclair: Once again, these two factors enter into the picture. The government's tax program is first of all predicated on the amount of money we must raise, and we receive that amount of revenue through the 10 per cent excise tax. The second point is that hon. members on the other side have repeated that they do not think the retailer is taking advantage of it, that he is competitive, and that therefore it is not percentages, it is dollars and cents which are marked up, and which he needs to pay the cost of his business and other costs which he has to encounter. If the tax is levied at the manufacturer's level the cost of obtaining the money from the bank and the extra cost of servicing that money enters into it. Whether the tax is levied at that level or at the retail level he still has the cost of marketing his goods; that is, the jobber, the wholesaler and the retailer. So far as collection is concerned, the hon. member for Moose Jaw pointed out that from his own practical experience, and as the members of the Department of National Revenue can certainly certify, there is a tremendous improvement in that operation and in the cost of collections from a few manufacturers rather than from thousands of retailers across this country.

Mr. Browne (St. John's West): The consumer is paying for it.

Mr. Sinclair: The consumer of course pays for the cost of collection through the general taxes.

Mr. Stanfield: What the parliamentary assistant is trying to do is to make the manufacturer a tax collector for the dominion government. If you want to get away from pyramiding these taxes, put the sales tax and the purchase tax at the retail level, and you will soon get rid of pyramiding and you are also getting more money in that way. And if you do place these taxes at the retail level you will get so much political pressure brought to bear that we will soon be rid of these taxes altogether.

[Mr. Sinclair.]

An hon. Member: Where will we get the money?

Mr. Stanfield: You will get more from the retailer than you will from the wholesaler.

Resolution agreed to.

3. That the following excise taxes be reduced from 35 per cent to 10 per cent, namely the excise taxes on: (a) trunks, suitcases, bags, and luggage of all kinds; (b) ash trays, tobacco pipes, and smokers' accessories; and (c) fountain pens, propelling pencils, and desk accessories.

Mr. Black (Cumberland): In discussing this resolution, what explanation has the parliamentary assistant for the continuation of the excise tax of 10 per cent on necessities such as trunks, bags and luggage of all kinds? Is the ordinary sales tax imposed on these items and the 10 per cent excise tax superimposed? What consideration, if any, is being given to the extra competition of manufacturers of these articles because of the 20 per cent depreciation of sterling? I refer to goods from the sterling area, which are imposing unfair competition on manufacturers to whom I refer. I am pleased indeed that the senior member for Halifax agreed with my statement. He referred to the Christie Trunk and Bag Company in my constituency. They have been carrying on for many years, from small beginnings and have expanded to a considerable extent. They are producing stable commodities and have been able to compete with any like production in Canada. They are having imposed upon them this unfair tax of 10 per cent. I repeat that they are manufacturing a necessity to every person in this house and to every home in Canada.

Mr. Sinclair: The hon. member's first question was why this tax is continued at all. I think I have already given the reason. We must secure the revenue necessary. It is quite true that luggage is not a luxury. It is a necessity to many people, but it is not as necessary as housing material and food. They are in the totally exempt class.

The second question was whether the sales tax is imposed. Yes, the sales tax is imposed on all articles carrying the excise tax. The excise tax is an extra tax but it is not superimposed. They are parallel taxes.

The third question was in regard to British competition. These luggage manufacturers have had—and they are the first to admit it—very substantial aid this year, in the reduction of this 35 per cent tax down to 10 per cent. This has given them a 25 per cent margin.

The second point, so far as British competition is concerned, is that to my memory every party in the house has given lip service at least to encouraging British imports and putting them on a more competitive basis. But

the moment a British import is put on a more competitive basis we are then asked from certain quarters for a change in the tariff. Our Canadian manufacturers are getting a 25 per cent benefit because of the cut in the tax, and they should be able to compete with the British. We are giving the British entry, but we have at this time to give the British manufacturers better entry into Canada so we can sell our wheat, lumber and fish.

Mr. Black (Cumberland): I object to this tax. As the parliamentary assistant has said, we are in favour of giving all the encouragement we can to importations from Great Britain. But, speaking for myself, and I believe for many members in the House of Commons, that must not be done at the cost of closing Canadian industries which have been in existence in Canada for many years.

This 35 per cent tax was a war tax, and we shall agree it was a necessity. The war tax should now be removed entirely. If the government is going to remove 25 of the 35 per cent tax, what justification is there for continuing the 10 per cent? Why should it not all be removed? If it was a war tax, then I say the time has long since passed when the entire tax should be removed.

With that in mind I am going to offer an amendment—and I am going to ask my hon. friend, the senior member for Halifax, to second it. I have not had the opportunity of seeing him. However he has expressed himself definitely in the house—and I presume this committee is sitting now to review the representations made by the parliamentary assistant to the minister. If our representations mean anything, then surely they mean that we have the right to express ourselves.

On that basis I am going to move:

That section 3 be amended by removing the excise tax on trunks, suit cases, bags and luggage of all kinds, and that subsections (b) and (c) be renumbered (a) and (b).

I have not had the consent of the senior member for Halifax, but—

Mr. Fulton: Ask the junior member, then.

Mr. Black (Cumberland): Yes, perhaps the junior member—because they generally work together. His great-grandfather, one of the fathers of confederation, came from my constituency. I am sure he will have some interest in the welfare of the county of Cumberland, where his great-grandfather and his grandfather had such famous careers.

Mr. Sinclair: I would refer you, Mr. Chairman, to citation 556 in Beauchesne, which states that a committee has not the right to diminish taxation. The house has the right, provided the house at the time suggests an alternative source of revenue in the amount of the tax removed. Citation 556 at page 165 of the second edition very clearly sets out that there is no power in the committee to diminish taxation.

Mr. Black (Cumberland): According to the parliamentary assistant, we are impotent here. We might as well retire and allow the government in this country to be carried on by order in council. That is what we are reduced to.

Mr. Sinclair: The hon. member could vote down the entire resolution, if it does not please him and his party, or alternatively, when we are in the house, with Mr. Speaker in the chair, and considering the bill, he could vote out that particular section.

Mr. Black (Cumberland): Notwithstanding what the parliamentary assistant has said, I believe every hon. member in the house is in agreement with the stand I have taken. I would like to see them given the opportunity to express themselves.

Some hon. Members: No, no.

Mr. Black (Cumberland): Well, they are subservient then, Mr. Chairman.

Mr. Sinclair: On a point of privilege, the hon. member must withdraw the remark that hon. members sitting to his right are subservient.

Mr. Black (Cumberland): I withdraw it if there are some here going to object, but everyone knows what I mean.

Mr. Gibson (Comox-Alberni): I resent very much that remark, and I do not think the hon. member meant to say what he said. I am amazed that an hon. gentleman of his experience should rise in his place and continually suggest that this tax be reduced. He knows very well that we are paying an extra $35 million or $40 million in interest on our increased debt due to the war. When he suggests that we ought to abolish all these taxes surely he has not given the matter sufficient thought.

I have a very high regard for his intelligence. I should like to make it clear that there are manufacturers in my riding who have difficulties to contend with, and they would like to have excise taxes removed. I have never felt however that in a matter of this kind we should speak for any one individual manufacturer.

Mr. Carroll: Mr. Chairman, had the amendment offered by the hon. member for Cumberland been in order I should have had much pleasure in seconding it, for the purpose of striking out subsection (a) of section 3. While this tax is legal, and all that sort of thing, it is not a fair tax upon the consumers

of this country. When the time comes I may attempt to find out from the government how they could strike out subsection (a) and also strike out or amend section 9, where the tax on wine is reduced from 50 cents to 25 cents per gallon. There is a luxury, Mr. Chairman, where I believe the extra tax might be obtained by leaving the excise tax on wine as it is at the present time.

Mr. Sinclair: Carried.

The Deputy Chairman: I might tell the hon. member for Cumberland that he has not sent his motion to me, and that unless the motion is put from the Chair it is not before the committee.

Mr. Carroll: I did not second it because I understood it was out of order.

Mr. Sinclair: It is.

Mr. Black (Cumberland): Then I would like to know if you will acept this amendment, Mr. Chairman. I am pleased to have the support of the senior member for Halifax. I would ask him, in his absence, if he would second it—and I hope that he will.

An hon. Member: Is he subservient too?

Mr. Black (Cumberland): No, he is not subservient to the same extent as some of the others. However, I appreciate having the support of the hon. member for Inverness-Richmond. I should like very much to have this motion submitted to the house by the Chairman. I shall ask the page boy to take it to him so that he may read it and rule upon it formally. If it is ruled out of order now, then I shall have to take an opportunity at some other stage during the passage of this legislation to make a motion deleting this tax.

Mr. Isnor: As the hon. member for Cumberland for some reason or other has brought my name into this matter—and I am sure that perhaps on the advice of his leader he was well advised in endeavouring to bring me into it—

An hon. Member: Suck you in.

Mr. Isnor: I quite appreciate the position in which the hon. member is endeavouring to place me, but I do not acknowledge it at all. I was called out of the chamber for a moment. However, if you, Mr. Chairman, would be good enough to allow me to read it I could then say whether I could support it.

Mr. Mutch: It is not yet before the committee.

The Deputy Chairman: I would tell the hon. member that a seconder is not necessary in committee.

[Mr. Carroll.]

Mr. Knight: If paragraph (a) is struck out will that not mean that the present tax remains?

The Deputy Chairman: The amendment reads:

That section 3 be amended by removing the excise tax on trunks, suitcases, bags, and luggage of all kinds, and that subsections (b) and (c) be renumbered (a) and (b).

Mr. Sinclair: I repeat my point, that this is clearly out of order. I would refer hon. members to citations 552 and 556 of Beauchesne's second edition, and also May's twelfth edition. I quote the pertinent part of citation 552 as follows:

Amendments, therefore, can be proposed to substitute another tax, of equivalent amount, for that proposed by the government.

If an hon. member moves to reduce the tax revenue, then he must propose a tax that will bring in an equivalent revenue. Obviously the purpose of the rule is to prevent the opposition gleefully moving for the abolition of all taxes. Under the rules they must propose an alternative tax in order to give the government the same revenue.

The Deputy Chairman: I think citation 552 quoted by the parliamentary assistant is somewhat pertinent to the amendment before the house. As this is an interesting point which has come up for the first time since I have been in the chair, I should like to study it and would suggest that the resolution stand and I will rule upon this matter later on.

Mr. Black (Cumberland): That is quite agreeable, but first I should like the parliamentary assistant to tell us what revenue is expected to accrue under paragraph (a).

Mr. Sinclair: The previous revenue was approximately $6 million; it is expected there will be a loss of revenue of $4 million; therefore, it is expected that the revenue under this item will be about $2 million.

Resolution stands.

Resolution 4 agreed to.

5. That the sales tax on the following articles be repealed: lactose; malt syrup except when sold for beverage purposes; diesel powered self-propelled trucks, mounted on rubber tired wheels, for off highway use exclusively at mines and quarries, and complete parts thereof.

Mr. Knight: I should like to protest against ice cream still being taxable. This is food, it is not a luxury item. This tax is directed at the nickels of the children. I think ice cream is a much more wholesome food for children than gum or candy, the tax on

which has been removed. Ice cream is a by-product of the dairy industry and there is likely to be a surplus in this industry before very long, particularly in view of the increased rents that are to be charged under which people will not have as much money to spend for food. I protest this tax on ice cream and ask the parliamentary assistant to tell the committee what revenue he expects to derive from it and to make some general comments on the situation.

Mr. Brooks: I should like to supplement what has been said by the hon. member for Saskatoon. Ice cream is important as far as the dairy industry is concerned and it has always been classed as a food. It is used as a food in hospitals and by children and it seems to me that this tax is most unfair to the dairy industry which, as all hon. members know, has received some very hard knocks. Margarine is now in competition with butter, which places an added burden on the dairy farmers. I submit that this matter should be considered carefully by the committee.

As far as the farmers of my section of the country are concerned, they depend almost entirely on dairy products for their living. I have received a number of telegrams from the dairy interests in my constituency requesting that this tax be removed and I hope the parliamentary assistant will be able to give us some encouragement in this regard.

Mr. Sinclair: This matter has been referred to by many hon. members. As far as dairy products are concerned, milk and butter are classed as staple foods and they are not subject to either sales tax or excise tax.

Mr. Brooks: But not ice cream.

Mr. Sinclair: Forty-six per cent of the ice cream sold in Canada is sold in the form of cones. Another large but undetermined percentage is sold in the form of sundaes and dishes of ice cream, and a substantial percentage is sold in the form of bricks for use in the home as a dessert. As the hon. member has said, ice cream is in competition with candies and chocolates and chewing gum. Candy, chocolates and chewing gum used to be subject to a thirty per cent excise tax as well as the eight per cent sales tax. At that time ice cream sold in the form of cones enjoyed the protection of that thirty per cent. That thirty per cent tax has now been removed entirely and all these confections are now on the same level as ice cream, all being subject to the eight per cent sales tax.

I turn now to the comparatively small fraction of the ice cream production that is sold as a food to be used as a dessert. All foodstuffs are not exempt from the eight per cent sales tax. All staple foodstuffs are exempt from this tax, but desserts such as gelatine preparations commonly used in the Canadian household are not exempt. Therefore ice cream when used as a dessert is on exactly the same footing with these other forms of desserts.

The situation today with regard to ice cream sold in the form of ice cream cones and desserts is that it no longer enjoys the preferential position it used to have in relation to chocolates, pop, candy and chewing gum.

Mr. Graydon: May I move away from a subject of low temperature to one which I think hon. friends will find to be of a somewhat higher temperature, particularly among those who have from time to time discussed the conditions under which the weekly newspapers of Canada operate at the present time. No doubt the parliamentary assistant has before him, or should have before him, the brief of the Canadian Weekly Newspapers Association arising out of their annual meeting at Niagara Falls nearly a year ago, one of the resolutions of which found its way to the desk of the Minister of Finance some time earlier this year. Unfortunately it did not seem to carry as much weight with the minister as one would have expected when he was preparing his budget last spring and again this fall. I think therefore it is only fit and proper that the committee should know the position which the Canadian Weekly Newspapers Association, with its many members across Canada, is facing at the present time with regard to the sales tax on newsprint.

Perhaps I could not do better than to read to the committee parts of the brief because it is short, and one which I think ought to be commended because of its clarity and the convincing arguments that it contains. The members of the Canadian Weekly Newspapers Association, which represents no less than 564 weekly newspapers in Canada, no small number as the parliamentary assistant will readily admit, decided that representations should be made to the federal government requesting that the 8 per cent tax on newsprint should be abolished. The basis for that request is set out in clear and concise fashion. I think the committee and the government would do well to ponder the matter because it seems to me the arguments in favour of their presentation are very powerful. The brief reads in part:

1. The tax does not apply to Canadian or American magazines, circulated in Canada, and competing with weekly newspapers in the national advertising field.

In other words, there is discrimination of a clear character there.

2. Comic books, certain week-end papers, pulp and fiction magazines printed in Canada (containing advertising) are exempt.

That is also discrimination.

3. Radio broadcasting facilities, also a powerful competitor in the advertising field, are exempt from this tax.

Still another instance of discrimination.

4. A survey of prices paid for newsprint by member publishers in various parts of Canada indicates an unjust inequality in the amount of taxes collected on a unit of one ton of newsprint.

5. In each of the foregoing there is an element of discrimination which this association feels can be eliminated only by exempting newsprint used in the publication of weekly newspapers from this tax.

The brief goes on to illustrate the inequality of tax paid by publishers in various parts of Canada. They point out that the basic price of $96 per ton, which was the price at the time the brief was prepared earlier this year, applies only to purchases of carload quantities in roll form. They go on to point out, I think with a good deal of accuracy, that:

Weekly newspaper publishers, except in rare instances, purchase their supplies in one- to five-ton quantities in flat sheets at a considerably higher price. The following scale of prices from different provinces indicates the variances—

The parliamentary assistant to the Minister of Finance will be interested in all the examples, but perhaps particularly in two of them. They are:

	Cost per ton	Eight per cent tax per ton
Port Alberni, B.C.	$130.00	$10.40
Revelstoke, B.C.	149.00	11.92
High River, Alta.	183.00	14.64
Wolseley, Sask.	184.00	14.72
Grenfell, Sask.	196.00	15.68
St. James, Man.	180.00	14.40
Altona, Man.	170.00	13.60
Amherstburg, Ont.	111.50	8.92
Lachute, Que.	132.00	10.56
Granby, Que.	143.36	11.46
Sackville, N.B.	137.00	10.96
Springhill, N.S.	127.00	10.16

That gives a general picture across Canada as it affects those who attend from time to time the meetings of the Canadian Weekly Newspapers Association. The brief then goes on to say:

This wide range of price is caused in the main by the variety of page size used and the fact that costs, in addition to the basic roll ton rate, are created by the operations of cutting and packing and the cost of handling through paper wholesalers instead of direct from the mill. Nevertheless it does seem that the tax on a ton of newsprint should be the same whether purchased in rolls or sheets. The publisher cannot pass on the extra costs in the form of additional charges to his subscribers.

Because it was recognized that newspapers could not pass on this sales tax to the ultimate consumer the dominion government has given newspapers relief from the tax in previous years.

Up until 1931 an exemption of one-half the tax was allowed. In 1931 the full tax was imposed and accepted by Canadian newspapers because they recognized that such action was necessary to help correct a serious deficit in the federal budget.

In conclusion we would point out that Canada is the only country in the commonwealth in which a sales tax is charged on newsprint and that there are no federal taxes on Canadian newsprint sold in the United States.

Whatever in this may be unpalatable to the government, here is something they will enjoy. The brief continues:

We submit that the reasons for imposing the present tax in 1931 are completely invalid in 1949, at the peak of employment and prosperity—

I want the parliamentary assistant to seize upon that.

—and with a large surplus in the federal budget.

In view of the foregoing, the Canadian Weekly Newspapers Association pray the government to remove the sales tax levied upon the paper on which newspapers are published.

I want to commend to the government favourable consideration of the brief that has been submitted by the weekly newspapers association. They have presented it in a concise and brief form. It has been put before the minister in a way that I think the government would like to have most briefs presented, concise and factual, and at the same time not in a vein particularly critical of the policy of the government.

I only rise at this time to place their position on the record so that the government may have an opportunity to consider favourably what I think is something that affects a most important section of the Canadian people, the men and women who publish week by week the important news which reaches the eyes of weekly subscribers from one end of Canada to the other.

Mr. Harkness: I should like to return to a subject upon which I started to speak a few moments ago, and that is the portable irrigation sprinkler systems now used extensively on farms in western Canada. When I attempted to raise this subject under section 2, the parliamentary assistant said it was entirely a sales tax that applied to them, but I still believe that is incorrect judging by the amount of tax which was collected. I know that two of these sprinkler systems were purchased by adjoining farmers. The cost was approximately $3,000. On that, they had to pay tariff charges of $300 and taxes of approximately $700, making a total of approximately $1,000 in taxes or tariff charges.

These sprinkler systems will be increasingly used, particularly in any of the dry areas of western Cananda in which water is available either in dugouts, deep wells, streams or such sources of supply. The use of them avoids a lot of the difficulties inherent in the regular irrigation systems. It avoids the necessity of

levelling the land and putting in irrigation ditches. A lot of the land is too hilly for ordinary irrigation systems. By means of this sprinkler system, the water can be taken out of the ditch and put on any of the land that is fit for cultivation.

As I say, these systems have already been used in the last year or two to a considerable extent. In the future, they are likely to be used a great deal. For tariff purposes, excise and sales tax purposes, I believe these sprinkler systems should be considered as farm machinery. Since they have not been used extensively so far, they have not been included in the appropriate item as farm machinery. Instead of that these systems are classified along with pipe, pumps and things of that sort for tariff, excise and sales tax purposes. Some time ago I brought this matter up during the debate on the address in reply to the speech from the throne, and requested that this type of equipment be considered when the budget resolutions were being drafted. I would ask again that that be done, and that the parliamentary assistant introduce an amendment under the appropriate item removing the tax on this type of equipment.

Looking over schedule III to which the parliamentary assistant referred yesterday, which sets up the materials exempt from sales tax or excise tax, I see items such as baling twine for baling farm produce, drain tiles for agricultural purposes, gopher poison, grain or seed cleaning machines and parts thereof. This type of equipment is going to be much more important so far as increasing the food production of this country is concerned. It will increase the production of grain and will be important to the livestock which is fed on that grain. It certainly seems to me that a change should be made and the tax removed from this equipment.

Although there are no tariff changes mentioned at this time, I believe the tariffs should be amended to admit these sprinkler systems duty free. These systems are not made in Canada now, but I hope they will be soon. It is true that the aluminum pipe which is used is made in Canada to some extent, but the supply has not been sufficient to enable people to equip themselves with it, and as a result most of it comes from the United States. I do hope the parliamentary assistant will make a statement about that.

Mr. Thatcher: I should like to associate myself with the hon. member for Calgary East in his request for consideration of these sprinkler systems. One of the P.F.R.A. officials said in Regina some months ago that this new type of irrigation may revolutionize agriculture in western Canada. Not only do I believe the government should cease to tax it, but I believe the minister should, if at all possible, make it easier for the farmers to obtain that equipment from the United States. As I understand it, today there is more or less of an embargo upon it in order to save United States dollars. This makes it almost impossible to secure that equipment. I should like to give my heartiest support to what the member for Calgary East has said.

Mr. Wright: I should like to say a word about this matter. Really, it is more important than it may appear to many of the members in the house. Many of the irrigation projects in western Canada, especially those with small dams, make it very difficult to irrigate the land by gravity. If sprinkler systems were obtainable, it would mean that a larger portion of the land could be irrigated.

People who have not lived in the drought areas of western Canada will find it difficult to realize just what it means to a farmer in that area to be able to irrigate a small garden, or a field, to have fodder for his stock. This system might increase the areas that could be successfully irrigated by means of these small projects. I urge the government, therefore, to give serious consideration to trying to make cheaper sprinkling systems available.

Mr. Shaw: While I agree with the representations that have been made by the three previous speakers, it is about another matter that I should like to speak at this time. It is my understanding that, when provincial governments purchase articles which would normally bear this 8 per cent sales tax, the tax is paid by the provincial government but later remitted by the federal government. In my opinion, it is quite proper that one government should not tax another government. What is forgotten, evidently, is that there is a third level of government in Canada, namely the municipal government.

The municipal government, within its sphere of activity, is much more important to the Canadian people than any other level of government. In fact, this government is closer to the people and affects their daily activities to a greater extent. While provincial governments enjoy the remission of sales tax on commodities which are not to be resold, the municipality is not in the same position. Today, municipalities are building better roads, which necessitates the use of modern, heavy equipment. This equipment is costing a tremendous amount of money, and the sales tax, being based on the cost, is also running very high. My personal view is that it would be extremely difficult to advance a sound argument against extending to the municipalities the same consideration that is

now extended to the provincial government, namely, the remission of the sales tax on equipment which must necessarily be bought and used in connection with their operations on the roads.

I urge upon the parliamentary assistant that he impress upon the minister the necessity of giving this matter early and serious consideration. I might add that these municipalities are penalized in a second way in that this road-building equipment is classed as industrial equipment for tariff purposes. I intended to bring that up when we were considering tariffs. I would urge the parliamentary assistant not to let this matter die because it is of extreme importance. It would eliminate a degree of discrimination between one level of government in Canada and another.

Mr. Fair: I should like to support the plea that has been made by the member for Red Deer. I may say that at the last session I brought the same difficulty to light, but was not successful in having the requests of two or three town councils in my constituency granted. Since the member for Red Deer has brought up the question, I should like to support the appeal he has made. As to the case that was made by the hon. member for Calgary East, supported by the hon. member for Moose Jaw and the hon. member for Melville, I also want to express my hope that the government will do something in that regard. As they have pointed out, up to the present time we have not enjoyed many of the benefits of irrigation, and for that reason have not needed the irrigation systems that have been spoken of. In the interests of Canadian agriculture and Canadian consumers as a whole, I believe the government would do well to grant the request made by those hon. members.

Mr. Sinclair: The observations made by the hon. members will be carefully considered by the government. The reason why they may not have been included up to now may be the one pointed out by the hon. member for Calgary East, that this is a new type of irrigation; although I recall seeing some of these sprinkler systems in the Okanagan valley in British Columbia. The schedule gives considerable concessions to farm equipment. I do not doubt that the representations of the hon. members will be carefully considered, and I am quite sure that the Minister of Agriculture will add his word to those already spoken.

Mr. Ferrie: On behalf of those in the north, in the areas that are just coming under cultivation, I wish to say a few words with regard to this big machinery for municipalities. This big machinery is something that the individual cannot very well take hold of. The municipalities are taking hold of this machinery and are clearing land and putting it under cultivation. When they buy this machinery worth from $9,000 up to $30,000 they have to pay the 8 per cent because the municipality buys it. I should like to see that sales tax taken off that machinery just as the sales tax is taken off farm machinery because it is for farm work.

Mr. Harkness: I should like to thank the parliamentary assistant for his remarks and for saying that the government will give consideration to removing the sales tax or whatever taxes there are—I think there are some excise taxes also—and the tariffs on this sprinkler irrigation equipment. I do not see, however, why there need be any delay in doing that. I should like to request that, before we finish with these resolutions, some consideration be given to the matter and that if at all possible the tax concession be brought in at this session. Before we get around to passing resolutions in the next session of parliament, there will probably be people who will have to be buying these things. It will possibly be well on in the spring or summer before we are back at this sort of business and when there will be any further opportunity to put into effect these tax concessions. As I say, it is likely to be too late for a considerable number of people. In many cases it would mean that the price of this equipment would be beyond their means and they would not be able to buy it whereas, if this tax were off, they would be able to do so. As I indicated in this one case, the tax and tariff combined amounted to more than 25 per cent of the total cost. That would mean that some people will not be able to buy this equipment and as a result would lose crops which they might otherwise save. Therefore I think it is urgent that consideration should be given to this matter at this session, and that these concessions should be made at this session, in the interests of dry-land farming and also in the interests of food production.

Mr. Murray (Cariboo): I understand that gasoline shovels are not manufactured in Canada. In our part of the country they are an essential implement in the building of roads and for the general development of the country. If these machines are not made in Canada, it seems unfair that a tariff should be levied on those that are brought in from outside. I understand that there is one factory in Canada which produces a certain gasoline shovel, but that it is not suitable for the work in our particular part of the country. Therefore a greatly added cost is placed upon road building and the development of the country.

Mr. Thatcher: Are hospitals, when they make purchases, at present exempted from sales tax?

Mr. Sinclair: Hospitals which are approved by the various provincial governments are exempted.

Mr. Thatcher: That brings me to one point to which I should like to draw the minister's attention. In my constituency we have an old age home, in which there are about fifty people who ordinarily would be in the hospital owing to the fact that their health is so bad. But there is no room for them in the hospital. Therefore they have to be put in this home for the aged. The sisters there are having great financial difficulties in keeping those people there. They are obliged to make major purchases from time to time. Just recently they had to purchase an elevator in order to move these old age pensioners from the third floor down to the first floor; that elevator cost them $1,200 and they had to pay sales tax on it. On all their purchases they are having to pay this sales tax.

The point I should like to make is this. If the government is exempting hospitals from this sales tax, would it not be possible also to exempt from it institutions such as orphanages, homes for the aged and the like? Perhaps it is not feasible to do so, but it seems reasonable to me that, when they make a request of that kind, it should be considered; and I should greatly appreciate receiving an answer from the parliamentary assistant.

Mr. Sinclair: I can assure the hon. member that careful consideration has been given to the matter. One reason why careful consideration has been given to it is that the minister himself has in the heart of his own riding one of the largest of these homes for the aged. The difficulty, of course, comes in drawing the line. There is no difficulty with regard to hospitals because they are certified as hospitals by the various provincial governments. But as to the institutions referred to, it is difficult to know where to draw the line between convalescent homes, nursing homes, orphanages, homes for old age pensioners and the like. At the moment it has been possible to give this concession only to hospitals. It was not given in this budget but rather in a previous one. I can assure the hon. member that active consideration is being given to the next groups; that is, those groups of charitable institutions.

Mr. Gibson (Comox-Alberni): I see that the sales tax is being repealed on diesel-powered trucks for use off the highway, if they are used at mines and quarries. Do I understand that the logging industry already enjoys this advantage with regard to diesel-powered trucks and that now we are just adding mines and quarries to the schedule?

Mr. Sinclair: It has been extended to mines and quarries if the trucks are not used on the public highway.

Mr. Gibson (Comox-Alberni): The logging industry already enjoys it.

Mr. Knight: I should like to bring the discussion back for one more moment to the subject which I had broached; that was the taxation on ice cream. The parliamentary assistant's reply was perhaps more ingenious than logical, and he omitted to answer the one question which I asked, namely, what revenue the tax on that particular commodity brought in. I do not know what he is going to tell me; but whatever it is, I do not think it will be justified having regard to the hardship that it will create for the children who buy the ice cream and for the dairy people around my city, for instance. A great many farmers in my constituency make their living, as a matter of fact, from the delivery of milk to the various dairies in Saskatoon, where the commodity is turned into ice cream and then shipped out. It is an important industry not only to the children in the community but to many of their parents as well. I hope the parliamentary assistant will give me that information.

Mr. Wright: Before the minister replies, I should like to say a word on this matter. According to all the reports we read in the press today, we are accumulating larger and larger surpluses of dairy products. Just yesterday in the local papers it was reported that some 73 million pounds of butter was being held in cold storage. We have large quantities of powdered and condensed milk and some 14 million pounds of cheese. Ice cream is an outlet for some of our dairy products which are accumulating in cold storage today. The government should give serious consideration to trying to provide a home market because we have lost our British market for powdered and condensed milk and many other dairy products. Surely we should be building up our home market.

To bring this thing to a head I move, seconded by the hon. member for Saskatoon:

> That section 5 be amended to add ice cream to the articles on which sales tax is removed and that an amount of sales tax be added to the present sales tax on wines and spirituous liquors that will equal any revenue loss to the government as a result of this amendment.

I believe it is necessary to provide some other revenue that will equal the loss of any revenue which the government may sustain.

Mr. Sinclair: Mr. Chairman, I suggest that this amendment is out of order for the same reason that the last one was. In my view an hon. member cannot just make a blanket suggestion that we increase the tax on wines and spirituous liquors. He will have to make a specific recommendation for an increase in the form of this resolution, an increase of so much on wine, so much on tobacco and so much on spirits. If he puts it in that form I am sure he will be in order.

Mr. Coldwell: What is the citation?

Mr. Fournier (Hull): Citation 552.

The Deputy Chairman: Perhaps I should refer hon. members to citation 552 of Beauchesne's Parliamentary Rules and Forms, second edition, which is citation 500 of the third edition. It reads as follows:

> Amendments, therefore, can be proposed to substitute another tax, of equivalent amount, for that proposed by the government, as, for instance,—

And so on. It seems to me that by this motion the hon. member is trying to do what is required by the citation I have just read. I agree with the parliamentary assistant to the Minister of Finance that it is not enough to make a blanket suggestion. The hon. member does not even know how much revenue may be yielded by the suggested amendment. To comply with the requirements of citation 552 he cannot simply say that this tax be removed and be replaced by another tax that will yield as much revenue. Therefore, in my opinion, the motion is out of order, and I so rule.

Mr. Black (Cumberland): I should like to ask the parliamentary assistant—

Mr. Wright: On a matter of privilege, before you proceed—

Mr. Black (Cumberland): Who has the floor?

The Deputy Chairman: I understand that the hon. member is raising a question of privilege.

Mr. Wright: Yes. The parliamentary assistant said that my amendment included tobacco. It does not. It mentions only wines and spirituous liquors.

Mr. Black (Cumberland): Under resolution 9, what gallonage of wine is taxed and what revenue is produced? The resolution reads:

> That the excise tax on wines containing not more than 7 per cent of proof spirit be reduced from 50 cents per gallon to 25 cents per gallon.

The Chairman ruled my amendment to resolution 3 out of order, and allowed the resolution to stand. Just what increase would be required to produce $2 million of revenue which the parliamentary assistant said would accrue from the tax on trunks, suitcases, bags and luggage of all kinds?

[Mr. Wright.]

Mr. Sinclair: The hon. member is perhaps quite right in referring to resolution 9 at this time. The actual loss in revenue through cutting the tax in half on wine of less than 7 per cent proof spirit is, according to the information, negligible, because almost all the domestic wines are of more than 7 per cent alcoholic content. They are under 40 per cent. I am sure the hon. member will be interested to know that this resolution is proposed expressly at the request of some apple growers of Nova Scotia to help to provide them with an outlet for their unsaleable apples. Be that as it may, the amount of revenue involved in resolution 9 is negligible.

The Deputy Chairman: Perhaps I should remind the committee that we are dealing with resolution 5. Shall the resolution carry?

Mr. Bater: Mr. Chairman, I should like to concur in many of the things that have been said by hon. members who have spoken on the repeal of the sales tax on heavy machinery used by the rural municipalities. The municipalities in western Canada have been using these big machines not only for breaking land and constructing roads but also to construct dugouts and small stock-watering dams for individual farmers. By so doing we are endeavouring to get them away from strictly grain growing and into more diversified farming. That is something that the Saskatchewan association of rural municipalities have asked for, for a good many years. I hope that the government will give due consideration to the repeal of this tax on heavy machinery.

Mr. Fulton: At this point I should like to make an appeal for consideration to be given, in next year's budget, to the repeal of the sales tax on medical equipment. I appreciate that resolutions, once prepared and introduced in the house, are rarely if ever changed in the year of their introduction. Therefore I would direct my remarks in support of a request that this matter be given most earnest consideration to see if it cannot be contained in next year's budget. I have here a bulky file which comes from a gentleman who suffers from cancer. He uses equipment which can only be imported from the United States. It is specialized equipment and is made only in that country. Not only is a duty charged on that equipment but there is in addition the 8 per cent sales tax on top of the price, plus the duty. He has given me a sample of the way in which it works out. He had to buy specially made surgical dressings. The retail price was $11. The duty of 20 per cent added $2.20, making the price $13.20. On top of that was charged a sales tax of 8 per cent, not on the purchase

price of $11, but on the purchase price, plus duty, of $13.20. The sales tax came to $1.06. Therefore the total price was $14.26 instead of $11. I suppose it is difficult to draw a distinction between medical equipment which must be used in serious cases and medical equipment on which it might be said it was proper to charge some form of revenue tax. I feel it is not a job beyond the potentialities of this department. Certainly people who are suffering from serious diseases such as cancer should not have to pay sales tax on the purchase of equipment without the use of which they could not exist.

Hon. members know what happens when cancer affects internal organs. In order to get about at all the sufferer has to have these expensive and complicated appliances. He virtually has to have them in order to go on living, and it seems to me that type of equipment should not be subject to sales tax.

While I am speaking about sales tax I would go further and ask that consideration be given in next year's budget to changing the tariff structure so that similar items which have to be imported from the United States, because they are not made in Canada, might not be subject to duty. I have had correspondence with the Department of National Revenue in the matter, and it is agreed that the type of equipment I have in mind is not made in Canada and can be secured only from the United States. As I have pointed out, it is subject to a tariff charge of 20 per cent.

In my correspondence with the Department of National Revenue it is pointed out by them that the tariff regulations now make it imperative that they charge the duty, that there is no alternative, and that the only way the situation can be adjusted is by a change in the tariff regulations through the budget resolutions. As no such action is contemplated in this year's budget, it is not open to me to move a resolution because there is no heading under which I could do so. I do take this opportunity however to urge the most sympathetic consideration of the plight of these people who have to obtain expensive medical appliances from the United States, without which they virtually could not live. I urge that this and similar types of equipment be relieved from duty and sales tax. Would the parliamentary assistant give us at least the undertaking that the matter will be seriously considered before the next budget is brought down.

Mr. McCusker: Mr. Chairman, I do not know whether the hon. member for Kamloops was just unfortunate in the item he chose to exemplify his point in his argument. However, I presume he is referring to a colostomy pad, an absorption pad used for a certain type of patient suffering from cancer of the lower bowel. I am sure there is no necessity of going to the United States to procure an absorption pad. There may be some other items the hon. member has in mind and to which he has not referred; but I do not think it is wise to rise in one's place and suggest the removal of duty from articles just because someone fancies that he receives a better article in the United States.

Let me give an example in this connection. I was called out on a very stormy day during the winter to see a patient who, it was reported, was very ill. I drove all day in a blizzard, and was stuck many times so that I had to get farm teams to pull me out. Finally I arrived, to find that the man had arthritis deformans. He was crippled, and lying in bed, but in addition he was dying from cancer of the larynx.

I advised them that the only thing they could do was to keep the poor patient comfortable under a sedative which his physician had already prescribed. However, I had no sooner left than an insurance salesman came along and said, "You should not have called that fellow in. My advice is much better. I had an uncle down in Iowa in just the same condition this man is in, and we got him an electric suit. Get one of those."

Those people were too poor to pay for my trip, but somehow or other they procured an electric suit at a cost of $125, upon which duty, taxes and everything else had to be paid. They put that poor patient in the electric suit—boots, hood and all—only to find that there was no electricity on the farm to plug it into.

I would submit that some of the suggestions we have heard today have been given just as much thought as was given to the condition of that patient and to the equipment for his treatment.

Mr. Fulton: With the details of the hon. member's medical practice I am of course not familiar; but I rather fancy that upon reflection he would not wish it to be understood, from any remarks he has made, that he has no sympathy for those in this country who, because no suitable apparatus is manufactured in Canada, are compelled to rely upon articles imported from the United States. I am sure he did not wish hon. members to draw that inference from his remarks. I am sure that one in his position, with his knowledge of the suffering of some of these people whose lives could be made more comfortable by the use of appliances made only in the United States, would support the request I had made—which was not for a general and sweeping removal of the tariff items on all articles, whether they are

made in Canada or not, but was confined to the removal of tariff items on these surgical and other appliances which must be worn by sufferers from cancer, and which are not made in this country.

Correspondence I have received is to the effect that this particular type of equipment is not made in Canada, and in this particular case it is the only type which would bring relief to the sufferer.

Mr. McCusker: Mr. Chairman, may I correct any false impression I may have left. I do not think I gave the impression that I was unsympathetic to sufferers. I am sure my young friend, who was with me overseas, knows that I am sympathetic to those who suffer, and that I looked after them to the best of my ability.

I think he also knows that the item he has cited is an unfortunate one, because it can easily be obtained in this country.— I will add that the treatment of cancer is just as advanced in this country as anywhere else, and that those who suffer from cancer are not being neglected. I want that clearly understood. We have in my city of Regina the most advanced cancer clinic on this continent, and the people there are not suffering from neglect.

If the hon. member would take the trouble to consult physicians and hospitals to find out from them what items would make the lives of these people easier, I would be the first to second a motion to have duty on such items removed. But I resent the implication that I am not sympathetic to the suffering.

The Deputy Chairman: May I express the hope that from now on the discussion may be more relevant to the resolution before the committee.

Mr. Gillis: The hon. member for Calgary East pointed out that certain equipment was necessary for purposes of irrigation in western Canada. My understanding was that this equipment might almost revolutionize agriculture. We spend large sums of money to subsidize western agriculture. The hon. member suggested that there was a shortage of this equipment which appears to be composed of aluminum pipe. We have in this country one of the greatest aluminum industries on the North American continent.

Inasmuch as this is a new field, and the manufacturing of this requirement would pave the way for a new industry, does the parliamentary assistant not feel that the government would effect a large saving in subsidies paid to agriculture by developing an industry of this kind which could meet these requirements in Canada? Instead of sending our raw aluminum to the United States where it is used for their purposes, with a dribble coming back here as they see fit, an industry should be established in this country to use our own raw materials. If that were done it would eliminate all this question of tariffs and taxes. Would the parliamentary assistant comment on that?

Mr. Sinclair: I do not think that this matter comes under the Department of Finance, but I am quite sure that if this new equipment, which apparently is being used so successfully in western Canada, reaches any real volume of sales it will not be very long before the industrialists of eastern Canada will be using Canadian aluminum to satisfy the demand. That is perhaps the only argument we have for the retention of such an item.

Mr. Wright: I do not believe the parliamentary assistant commented on the matter, which I raised a moment ago, of sales tax on heavy equipment used by municipalities. This is a rather important matter in western Canada where many of the municipalities are receiving grants under the P.F.R.A. to assist in the digging of dugouts, since they find that they require such equipment. Does the parliamentary assistant know whether the sales tax is rebated to the municipalities who buy this heavy equipment when it is used for P.F.R.A. purposes? A rebate is made to the provincial governments when they purchase this type of equipment and I should like to know if the municipalities receive a similar rebate.

Mr. Sinclair: The exemption of sales tax to the province is made to the crown in the right of the province. What is being asked now is a further concession to the provinces to be passed on to the municipalities, or perhaps a concession direct to the municipalities. At the present time no such concession is being granted in this budget. As far as any tariff changes are concerned, they would be considered when the tariff act is under discussion.

Mr. Fulton: I should like to go back to this matter of sales tax on surgical equipment. I am glad the hon. member for Regina City stated that there were no implications in his remarks such as I suggested there might have been.

Mr. McCusker: There was no implication in my remarks that I was not sympathetic to the patient and I want to ask the hon. member—

An hon. Member: Sit down.

Mr. McCusker: —to withdraw that remark.

Mr. Fulton: Perhaps the hon. member will permit me—

Mr. Drew: Mr. Chairman—

The Deputy Chairman: Order. When the Chairman is on his feet hon. members should resume their places. I understand that the hon. member for Kamloops indicated at the beginning of his remarks that he was glad to have it confirmed by the hon. member for Regina City that there was no doubt as to his being sympathetic toward sick people. I think the hon. member for Regina City should consider that as indicating that the hon. member for Kamloops is in complete agreement with him. That should settle the matter and I think we might go on now to discuss the resolution before the committee.

Mr. Fulton: There seems to be some conflict of opinion as to whether or not this equipment to which I referred was obtainable in Canada. Unfortunately I do not know anything about medical equipment, but my correspondent goes on to say:

> The apparatus which I have to use is, to the best of my knowledge, all manufactured in the States, and is all patented. The result is that I not only have to pay a very high price for it but must pay duty and sales tax as well.

I sent that letter to the Department of National Revenue with the particulars of the equipment concerned. In replying, the deputy minister did not state that this equipment or a suitable substitute was manufactured in Canada, which I should think would have been the first thing he would deal with. He concluded his letter as follows:

> As the department is required to collect duty on the various articles imported by your correspondent and possibly other persons in the same condition, in accordance with the regular provisions of the tariff, I can only suggest that any representations on the subject should be made to the commissioner of tariff, Department of Finance, Ottawa, that special provision be made in the tariff for free entry or lower rates of duty.

It is in accordance with that suggestion that I am making these representations. I submit that where an item can only be secured from outside Canada it should not be subject to duty or sales tax.

Mr. Sinclair: In the past the government has shown considerable sympathy toward the problem raised by the hon. member and I would refer him to items 476 to 480a of the tariff act which cover a great number of surgical and medical supplies which can be imported free of duty from the United States. Then there is a section in the Excise Act which exempts similar surgical and medical supplies from the sales tax. Then there are the further exemptions of sales tax on articles purchased for use in hospitals. As far as purchases by individuals are concerned, I think the hon. member will appreciate the difficulty there would be in deciding just what type of equipment should receive consideration. For example, I do not think he would suggest that patent medicines and nose drops and things like that should be exempt. I can only repeat that undoubtedly consideration will be given to the suggested changes in the tariff.

Mr. Ferrie: Would the item "diesel powered, self-propelled trucks" cover caterpillars?

Mr. Sinclair: This resolution applies to diesel powered self-propelled trucks, mounted on rubber tired wheels for off highway use exclusively at mines and quarries. I have never seen an ordinary mine truck equipped with rubber tires. This applies to the diesel trucks used in open mines and quarries.

Mr. Ferrie: I am referring to the caterpillar equipment that is used by municipalities for farm work.

Mr. Sinclair: That is exempted already under another item in the schedule which I have placed on *Hansard*. This is a new resolution extending the exemptions to the equipment used in mines and quarries.

Mr. Ferrie: By municipalities or farmers?

Mr. Sinclair: The answer is no.

Mr. Ferrie: We want this equipment exempted because the municipalities use it just the same as though it were used on a farm and they must pay the 8 per cent. Municipalities in northern Ontario, northern Saskatchewan, northern Manitoba and northern Alberta are breaking up thousands and thousands of acres of land with caterpillar trucks that never go off the land. That equipment wears out on the land and yet the municipalities must pay the 8 per cent sales tax. If you are going to take this off for the miner, it should be taken off for the farmer or the municipality.

Mr. Sinclair: If the equipment is for exclusive farm use it would be exempt under schedule III, but if the municipality uses the equipment for road building or other purposes, it is not exempt. The engine section of schedule III says that such tractors when used exclusively for farming are exempt.

Mr. Ferrie: Mr. Chairman, because it is for a municipality they say we must pay on that machinery. That is the reason they will not allow us that deduction. We use it solely on the farm. The scrub cutter never goes off the farm, but it comes from the United States and we have to pay the 8 per cent sales tax on it. It cannot go on a road. It cannot be used anywhere else except on a farm. Because we are a municipality we have to pay that, and we should not have to pay it any more than the dominion government pays it.

Mr. Sinclair: The only answer I can give is the answer I have already given. If such equipment is used exclusively on a farm, irrespective of whether the owner is a farmer, municipality or corporation, it is exempt from sales tax.

Mr. Ferrie: No, not for a corporation.

Mr. Shaw: I believe we should have the matter cleared up. The parliamentary assistant to the minister asserts that on purchases for municipalities for use on farms the sales tax does not apply, but I can assure him that is not correct. If it is purchased by a municipality they pay the 8 per cent sales tax no matter what it is used for. What I am asking, what the hon. member who brought up the question is asking, and what hon. members in general are asking, is that the government take into consideration the removal of this tax, or at least that the municipality pay the tax and then have it remitted to it. That is now done for the provincial government. May I add that municipalities in my province, and I presume this is true of Manitoba, Saskatchewan and other provinces, are today taking over much of the work formerly done by the provincial government. That is a further reason why consideration should be extended to municipalities.

Resolution agreed to.

6. That the rates of excise tax on matches be amended from the present specific proportionate rate of tax on each package, to an ad valorem tax of 10 per cent.

7. That the present specific tax of 5 cents per pound on tires and tubes be amended to an ad valorem tax of 10 per cent.

8. That the sales tax on the following articles be repealed: liquid fuel for lighting or heating, but not including fuel when for use in internal combustion engines; crude oil to be used for the production of fuel.

9. That the excise tax on wines containing not more than 7 per cent of proof spirit reduced from 50 cents per gallon to 25 cents per gallon.

10. That paragraphs 1 to 7 shall have effect on and after March 23, 1949, and paragraphs 8 and 9 shall have effect on and after October 21, 1949.

Resolutions agreed to.

3. That the following excise taxes be reduced from 35 per cent to 10 per cent, namely, the excise taxes on: (a) trunks, suitcases, bags, and luggage of all kinds; (b) ash trays, tobacco pipes, and smokers' accessories; and (c) fountain pens, propelling pencils, and desk accessories.

The Deputy Chairman: We will now revert to section 3 which was allowed to stand. The hon. member for Cumberland moved an amendment which I shall read again. It reads as follows:

That section 3 be amended by removing the excise tax on trunks, suitcases, bags and luggage of all kinds, and that subsections (b) and (c) be renumbered (a) and (b).

[Mr. Ferrie.]

May I refer hon. members to citation 500 of Beauchesne's Parliamentary Rules and Forms, third edition. I draw their attention to the last part of the citation which reads:

Amendments, therefore, can be proposed to substitute another tax of equivalent amount, for that proposed by the government, . . .

The amendment does not propose another tax of equivalent amount, and therefore I declare it out of order.

Resolution agreed to.

Resolutions reported, read the second time and concurred in.

Mr. Mayhew (for the Minister of Finance) thereupon moved for leave to introduce Bill No. 175, to amend the Excise Tax Act.

Motion agreed to and bill read the first time.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

WAYS AND MEANS

INCOME WAR TAX ACT—INCOME TAX ACT

The house in committee of ways and means, Mr. Beaudoin in the chair.

Resolved that it is expedient to amend the Income War Tax Act and the Income Tax Act and to provide, amongst other things:—

1. That, for the 1949 and subsequent taxation years, the following shall be the exemptions from individual income tax:

(a) $2,000 in the case of a married person and persons allowed a deduction equivalent to that of a married person and $1,000 in the case of all other persons; and

(b) $400 in the case of dependents not eligible for family allowances, $150 in the case of children eligible for family allowances.

Mr. Fraser: Would the parliamentary assistant say what the loss to the government would have been if these exemptions had been raised to $2,400 for married persons and $1,400 for single?

Mr. Sinclair: I can give the figures for the exemptions at $1,250 and $2,500.

Mr. Fraser: That would be a help.

Mr. Sinclair: One hundred and forty million dollars.

Mr. Fraser: That is quite a lot of money.

Resolution agreed to.

2. That, for the 1949 and subsequent taxation years, the schedule of graduated rates for individual income tax be replaced by the following schedule:

On the first $1,000 of income or any portion thereof, 15 per cent per annum; or

$150 upon the income of $1,000; and 17 per cent upon the amount by which the income exceeds $1,000 and does not exceed $2,000; or

$320 upon the income of $2,000; and 19 per cent upon the amount by which the income exceeds $2,000 and does not exceed $4,000; or

$700 upon the income of $4,000; and 22 per cent upon the amount by which the income exceeds $4,000 and does not exceed $6,000; or

$1,140 upon the income of $6,000; and 26 per cent upon the amount by which the income exceeds $6,000 and does not exceed $8,000; or

$1,660 upon the income of $8,000; and 30 per cent upon the amount by which the income exceeds $8,000 and does not exceed $10,000; or

$2,260 upon the income of $10,000; and 35 per cent upon the amount by which the income exceeds $10,000 and does not exceed $12,000; or

$2,960 upon the income of $12,000; and 40 per cent upon the amount by which the income exceeds $12,000 and does not exceed $15,000; or

$4,160 upon the income of $15,000; and 45 per cent upon the amount by which the income exceeds $15,000 and does not exceed $25,000; or

$8,660 upon the income of $25,000; and 50 per cent upon the amount by which the income exceeds $25,000 and does not exceed $40,000; or

$16,160 upon the income of $40,000; and 55 per cent upon the amount by which the income exceeds $40,000 and does not exceed $60,000; or

$27,160 upon the income of $60,000; and 60 per cent upon the amount by which the income exceeds $60,000 and does not exceed $90,000; or

$45,160 upon the income of $90,000; and 65 per cent upon the amount by which the income exceeds $90,000 and does not exceed $125,000; or

$67,910 upon the income of $125,000; and 70 per cent upon the amount by which the income exceeds $125,000 and does not exceed $225,000; or

$137,910 upon the income of $225,000; and 75 per cent upon the amount by which the income exceeds $225,000 and does not exceed $400,000; or

$269,160 upon the income of $400,000; and 80 per cent upon the amount by which the income exceeds $400,000.

Mr. Fraser: I did want to ask if more consideration could not be given to parents who are putting boys and girls through university. During the summer these boys and girls work, but if their income amounts to $410 the parents are out of luck. It costs a lot of money to put a boy or a girl through college. Could some consideration be given to that?

Mr. Sinclair: The concession for boys or girls between the ages of 18 and 21, if attending university, is now set at $500. They are allowed extra income up to $500.

Resolution agreed to.

3. That, for the 1949 and subsequent taxation years, there may be deducted from tax payable by an individual resident in Canada 10 per cent of the amount of his income that is from dividends on shares in a corporation resident in Canada that was liable to corporation tax in the taxation year: Provided that in the case of dividends deemed to have been received from a personal corporation the deduction shall only be 10 per cent of that part of the income deemed to have been received by the shareholder as a dividend that the income of the corporation derived from dividends is of the whole income of the corporation.

Resolution agreed to.

4. That, with respect to income of corporations earned on and after January 1, 1949, the present rate of tax of 30 per cent shall be reduced to 10 per cent on the first $10,000 of income and increased to 33 per cent on income in excess of $10,000 with corresponding changes in the rates of consolidations.

Resolution agreed to.

5. That interest on unpaid taxes on incomes of the 1948 and subsequent taxation years for which no assessments have been issued will cease to accrue twelve months after the date for filing the return in place of twenty months.

Resolution agreed to.

6. That, for the year 1949 and subsequent taxation years, the business losses that may be deducted from income shall include losses sustained in the five years preceding and the year following the taxation year in the place of the three years preceding and the year following the taxation year.

Resolution agreed to.

7. That, for the purpose of computing income of the 1948 and subsequent taxation years of a member of the clergy or of a religious order or a regular minister of a religious denomination there may be deducted the value of the residence or other living accommodation enjoyed by him as such member or minister to the extent that it would otherwise be included in his income or the rent paid by him for or the fair rental value of such a residence or living accommodation.

Mr. Graydon: I should like to have some clarification of resolution No. 7 which has to do with computing the income for 1948 and subsequent taxation years for a member of the clergy or a religious order. I have received an inquiry from a minister of the United Church about this matter, and perhaps the parliamentary assistant could answer it. He asks whether it is the intention of the Minister of Finance that any ordained clergyman, irrespective of his duties in the church or outside the church, shall enjoy this exemption from taxation. In other words, do the words "a regular minister" mean any ordained minister or a minister in a charge? Some ministers are not in a charge, and that is one point this man raised.

There is another point I should like to raise. Provision is made for deduction of the value of the residence provided for the minister or rented by the minister, but what about a house that the minister owns? In many cities, ministers serving congregations own their own houses. This man suggests that such exemptions should be enlarged to include such cases.

Mr. Sinclair: The answer to the first question is that it is not necessary for the minister to have what is ordinarily referred to as a charge. He may be assisting a minister or doing general work, but so long as his full-time occupation is the ministry, then he is allowed this deduction. So far as the second

point is concerned, a minister who owns his own home is allowed the equivalent of the rent he would have to pay if he were renting a house of that type.

Mr. Graydon: If a minister is in some work such as teaching in a college, or something which has to do with the religious denomination to which he is attached, does he come under the provisions the parliamentary assistant has just mentioned?

Mr. Sinclair: If, for example, he were secretary to a church council—is that what the hon. member is talking about? It would be full-time religious work, but not necessarily in charge of a congregation.

Mr. Graydon: I am thinking more particularly of a man who is teaching at the United Church college, who is a minister but is not engaged in ordinary ministerial work at the moment.

Mr. Sinclair: He would be regarded as a teacher rather than as a minister attending to full-time religious activities.

Mr. Byrne: Mr. Chairman, on this specific question of exemptions for the clergy, I feel that these men who make a complete sacrifice of their entire lives should be taken from the income tax rolls entirely. They should not be taxed in any way, shape, or form. This brings up the question, however, of exemptions that are made for specific purposes. It is my contention that once a person falls within the income tax field, as I attempted to point out the other day, no exemptions whatever should be made because of his particular occupation or profession.

I feel that possibly my remarks on that subject were misconstrued the other day. Once we start making exemptions for any specific purpose, then we open up a vast field which would lead to difficulties in calculation that would render it almost impossible for the income tax department to carry out its function. Suppose exemptions were to be made, to cite a specific case, for professional fees or union dues. I might say that I have been in the labour movement for some time, and as a result of that I learned one very important principle; that no matter how much I differed with the principles that were involved in a particular matter, loyalty meant a great deal in obtaining things which I sought. Possibly that is something a good many of the members here have not had the opportunity of experiencing since they were not in the same happy position as I was.

I feel there should be no particular exemption made for a house or small expenses which may be incurred by members of the clergy, but my belief is these men should be removed entirely from the income tax roll.

Mr. Fraser: Mr. Chairman, the members at this end could not hear whether or not you were passing certain items. There was quite a bit of noise. Would the minister answer a question relating to resolution No. 3, in regard to dividends which are in an estate. Do those dividends lose their identity?

Mr. Sinclair: I do not want to start the practice of reverting to items which have been carried. I point out that the member has one more opportunity of dealing with his point, and that is when the bill is before the house.

Mr. Fulton: I was on my feet; as a matter of fact, I was just coming through the curtain when resolution No. 5 was called and resolution No. 6 was called. When I got down to my seat, intending to speak on item No. 5, Mr. Chairman, you had called resolution No. 7. I do not know whether it would be permissible to revert to resolution No. 5, inasmuch as I was on my feet when resolution No. 5 was called, as I pointed out.

The Deputy Chairman: By leave of the committee, I think the hon. member should be granted permission to ask his question. But I should not like to have other members go back to resolutions which have been carried. It is now fifteen minutes past eight. If it is agreeable to the committee, I will permit the hon. member for Kamloops to ask his question.

Some hon. Members: Agreed.

Mr. Fulton: Thank you, Mr. Chairman. My question has to do with the practice, which came into effect this year for the first time, of the various income tax offices throughout the country issuing assessment notices under the heading "Assessment". Most hon. members and everyone throughout the country, I think, will recall that shortly after they sent in their payments on account of income tax this year they received a notice from their appropriate income tax office headed "Assessment". That fact gave rise to the impression that these were the final assessments of their taxes due for that year. It has now been drawn to our attention that these do not represent final assessments but, in effect, are no more than an acknowledgment of the receipt of the amount of tax paid with the taxpayer's own assessment form. My question therefore is this. If this is not a final assessment, does this not have a great bearing on the matter of interest penalty which a taxpayer may be called upon to pay if his own personal assessment, for any reason, happens to be incorrect? The impression

given by the receipt of the notice is that the income tax office has assessed his return and has passed it as a final assessment. What is the position in that regard?

Mr. Sinclair: The actual assessment notice to which the hon. member refers is an assessment on the taxpayer's own return. If the taxpayer has calculated his return correctly, that is the last the taxpayer will hear of it. If, however, the return is incorrect, then at some later date he will receive a further assessment.

Mr. Fulton: May I request that the department go back to the former practice of simply sending out a receipt acknowledging receipt of that amount. When the taxpayer receives such an assessment notice he naturally concludes that it represents his final assessment; whereas, as it was before, he knew it was no more than a formal acknowledgment of receipt of the amount paid.

Mr. Sinclair: It has been pointed out to me that at least 90 per cent of the returns which are turned in are correct, and so that assessment notice is correct and is the end of the matter in 90 per cent of the cases. For the 10 per cent which are incorrect, there is of course a further assessment. I think the 90 per cent who are correct would prefer to receive such an assessment notice rather than a mere receipt, and then go on wondering whether or not they are going to be reassessed.

Mr. MacInnis: It is a receipt anyway, whether it is correct or not, and it is made final by your final receipt?

Mr. Sinclair: That is correct.

Mr. Church: Under resolution No. 5, I think the minister might very well tell us where all this income tax comes from. It comes largely under resolution No. 5. The rate of interest charged is altogether too high for the amount of money collected, $4 million or $5 million. It costs several millions to collect it. In the second place it comes very largely from the Toronto district. Under one of these resolutions I hope the minister will tell the committee where all this income tax comes from. About 30 per cent comes from our own city and we get little value for it in the way of expenditure. I hope the minister will tell us where all this income tax comes from, and the amount from different districts accordingly.

Mr. Sinclair: The hon. member can find that at his own convenience in the statistical report turned out by the Department of National Revenue, the 1949 issue, which is now available for distribution.

Mr. Church: It is a handsome book, no doubt; but it all largely comes from the Toronto district. It would take a Philadelphia lawyer to make out his income tax.

Mr. Fulton: With respect to this matter of assessment, I would point out that it has a definite bearing on the matter of interest penalties. It seems to me that if the notice sent out within a month or two of the receipt of the payment by the taxpayer is labelled "assessment", that procedure enables the department to charge interest from the date of the mailing of the notice; whereas if the notice were labelled, as in former years, "interim receipt only", then interest would not commence to run at the full rate until the date on which the department mailed its final assessment of the taxpayer's return. In other words, because they label this notice "assessment" they are entitled to charge interest at the full rate from the date of the mailing of that notice instead of being entitled to charge the full rate only from the date of the mailing of the final notice.

Mr. Sinclair: It is suggested to me that, if the hon. member will hold that question over until the bill is introduced, he will see that the particular point he mentions has been specifically taken care of. But in any event the taxpayer who at the time of the receipt of that notice still owes money on his return is of course going to pay interest now up to a period of only twelve months whereas before he paid it up to a period of twenty months.

Mr. Fulton: There is still the difference between 6 and 7 per cent.

Mr. Graydon: On resolution No. 5—

Mr. Sinclair: On a point of order, Mr. Chairman, I understood that the hon. member for Kamloops was granted a special concession because he walked into the house after eight o'clock and was allowed to revert to resolution No. 5. Is it the wish to revert to resolution 5?

Some hon. Members: No.

The Deputy Chairman: I do not see how I could prevent other members from asking their questions if they find themselves in the same position as that in which the hon. member for Kamloops found himself. I think that the hon. member for Peel is one of those.

Mr. Fulton: We cannot hear you, Mr. Chairman.

Mr. Cruickshank: What resolution are you on?

The Deputy Chairman: On resolution No. 5.

Mr. Graydon: I am sorry if I am contravening the rules, but I think this is a point that is deserving of some consideration by the department. There is a feeling among the taxpayers, and I think it is fairly general, that the government regards this question of interest as a sort of one-way street in its favour. If anybody overpays his taxes, the government conveniently forgets that it has had the use of the taxpayer's money for a year or so, as the case may be. On the other hand, if the taxpayer happens to underestimate his taxes, or happens to make some mistake in his return and is obliged to pay more, then of course the government comes along and exacts the full rate of interest from him. That in itself is bad enough. But there is another point which ought to be stressed. It may be that now the situation is being cured; I think perhaps to a large extent it may be. In the past, the department has been years behind in its assessments. That was not the taxpayer's fault; it was the government's fault. The result was that, because of the arrears of assessments and because of the fact that the government department itself had defaulted in bringing the assessments up to date, and which they should have brought up to date, taxpayers found that they had sometimes perhaps three years' interest to pay—I am not sure whether they went any further—which mounted up to quite a bit of money. Taxpayers complained about that, but so far as I know there never was any redress. The government ought not to put itself in a preferred position to those who have to pay the taxes. After all, if the taxpayer has to pay interest on the money that he owes to the government after the assessment has been made, then if he overpays he ought to be allowed interest on that overpayment. In addition, he should not be penalized because of the default of somebody in the department. Some explanation of the policy of the department ought to be given.

Mr. Sinclair: I can tell the hon. member for Peel that if the return of the taxpayer is accurate, which after all is the responsibility of the taxpayer, there is no overpayment or underpayment.

As far as underpayment is concerned, the interest charged is not only interest charged on money which is owing the government but also a penalty to encourage accurate returns of income tax. So far as the other matter is concerned, the hon. member will recall that last year legislation was passed allowing interest at the rate of two per cent on overpayment; but there again overpayment, so far as the taxpayer is concerned, is because—

[The Deputy Chairman.]

Mr. Graydon: Is that what the taxpayer in default is charged?

Mr. Sinclair: So far as the taxpayer in default is concerned it is not only a matter of interest on the money owed to the government but also a penalty to encourage in the first place accurate returns of the taxpayer's income.

Mr. Graydon: May I suggest to the parliamentary assistant that there ought to be some kind of penalty to encourage the government to bring their assessments up to date.

Mr. Sinclair: As I recall, the hon. member and his party have been the ones who in past years have urged great reductions in the civil service. The reason we got so far behind during the war was the lack of staff because we were holding down the civil service. We were twenty months behind. By April of next year the assessments will all be up to date. That is why we are able to close the gap from first of all no limit, then to twenty months and now to twelve months in this resolution.

Mr. Graydon: That does not help the man who has had to pay.

The Deputy Chairman: We will revert to resolution 7.

Mr. McIvor: Mr. Chairman, this tax should be wiped off the slate not because ministers do not receive as large a salary as members of parliament but because they have calls that no member of parliament has to answer. I can give an illustration of some of the calls a minister has to make. Suppose he is downtown on a Saturday and sees an old friend whose legs do not seem to be able to carry him very well. He takes him home and puts him in the spare room and keeps him there a day, two days or a week and sobers him up with black coffee. The income tax department will not permit him to take that gift off his income tax. The department does not allow a minister any credit for gifts that he makes which other people do not make. The minister has continual calls on him. They are not made once in a while, but practically every day or at least every week. Because of these gifts I think this tax should be wiped off the slate. I am not speaking of one denomination only. It applies to anybody in religious work. A clergyman has those calls, and he is expected to practise what he preaches, feed the hungry and clothe the naked.

Mr. Church: I asked the predecessor of the present minister a question with regard to this particular resolution. I refer to the late minister who is now a judge in Nova Scotia. I asked him this question: Do all the clergy of the Christian churches pay income tax? His

reply was that so far as he knew they did. I am glad that resolution 7 has been amended because clergymen have a great many important duties to perform. They should be all treated alike in this country. The Christian churches should not take precedence over the state. The state has to raise money by this method of income tax to enable the country to pay its debt. Some allowance should be made for all clergy of the Christian church and of other churches who are not of the Christian faith. There is this to be said about the clergy. During the depression and during the period of the late war the clergyman had to be judge, doctor and almost everything. I remember three or four clergymen coming one day to the bar of the house to visit. A few years ago I addressed a bartender's union. Because I was the head of a big city I had to treat them all alike. I said that a lawyer pleads from inside the bar. Today a minister has to use his car. He has to pay for the gasoline. He does not own a house. He has to go down to the police court to help his parishioners out.

In the Toronto district the scale of fines under this whole Income Tax Act, and particularly under this resolution, are heavier than they are in any other court in the country. They are almost five to one. This resolution should be liberally interpreted to include all the Christian clergy. There is one church that does a great deal of good work. I refer to a faith to which I do not belong. I know a great many of the clergy from their seminaries and others, and they do valuable work. That could be applied also to the other Christian denominations. In view of what the clergy are doing to help the people there should be a liberal interpretation of this resolution.

Mr. Higgins: I wish to say a few words on this resolution. We did not know it before in the province of Newfoundland, that is why I draw it particularly to the attention of the parliamentary assistant. Would it not be fairer to tax the minister on gifts or on, shall we say, a private income apart from the return on his direct ministerial duties, or else raise the exemption a little higher for clergymen alone? I presume this applies equally to all provinces but the clergymen in a number of districts in the province of Newfoundland are going to find this a real hardship. I submit that to exempt the direct earnings from the ministerial duties of a clergyman would be the fairer way, or to raise the exemption to $2,000 to $2,500 in this particular case.

Mr. Sinclair: First of all I would point out to the hon. member, as was indicated by the hon. member for Kootenay East, that it is difficult when one gets into this business of giving special exemptions to different groups. The present exemption can be justified in that a minister's home is, if I may use the expression, more or less his place of doing business, the place where during week days he ministers to his congregation and performs other functions in connection with his office.

This concession is an improvement in the taxation regulations, as applied to clergymen. There is one point, of course, that because of the incomes which most clergymen receive, a considerable number of them, especially if they are married with children, are now in the exempt class by reason of the increase in the basic deduction in respect of all taxpayers.

Mr. Hansell: I should like to say a word in respect of a further deduction which in my view clergymen should have. A complaint was registered with me about a year ago where it was pointed out that clergymen are not exempt for certain travelling expenses incurred in the discharge of their regular pastoral duties. There are some clergymen occupying charges in western Canada who must cover a considerable area of ground and have considerable travelling to do in that connection. Some even have several churches in different communities to which they must travel once or twice a week. Sometimes they have to travel long distances to conduct funerals for which, on occasion, they do not accept fees. I do not think that as a rule clergymen take fees for conducting funerals. Then there are a number of other reasons for travelling.

Some may have their own cars. In the case brought to my attention neither depreciation on the car nor the gasoline bill was taken into consideration. Most clergymen do not receive large salaries. It is all very well to say that they do not come within the income tax bracket—and we know that many of them do not. But those who do are not allowed travelling expenses. I do suggest to the parliamentary assistant that some consideration should be given to this matter.

Mr. Graydon: Mr. Chairman, the parliamentary assistant indicated a moment ago that it was difficult to set aside any particular occupation or profession for special consideration in the income tax structure. I fancy most members of the committee will agree with that general principle; because it is a national levy and for that reason one would expect the government at least in a general way to take that stand.

I think however that the parliamentary assistant would agree with hon. members who have spoken, that, after all, our ministry, our clergymen, regardless of the denominations

to which they belong, make a great contribution to our national life for which compensation is never made in dollars and cents. Perhaps it is never intended that it should be, in the minister's mind—and very often, unfortunately, it is not in the congregation's mind either. I am inclined to think that our clergymen are in an entirely different position because, in a sense, they are in a class in which they render a service, rather than in a money-making class from the income of which is siphoned off a certain percentage.

As has been mentioned by one of my colleagues, clergymen's incomes are derived in different ways. It seems to me the government should give careful consideration to the pleas which have been made on behalf of the clergy in Canada. I do not think many taxpayers would find fault with or be even mildly critical of the government if our clergymen were taken right out of the income tax brackets altogether. There would be some technical objections from the department, but I believe the policy is one which would commend itself generally, because it would be an indication of just how this parliament and the people of Canada judge, appreciate and value the work of this important section of our population which ministers to our people. It would be the most practical way of saying a word of praise to them.

We would not have a nation worth the name if we did not have our churches. For that reason, what I have said should be a guiding factor and an important feature in the formulation of government policy. I know the clergymen would not ask for it, as I am now asking; but it seems to me it is the duty of laymen throughout Canada to speak on their behalf. After all, I believe the laymen of Canada would regard it as a privilege and an honour to bear any extra burden of taxation which would become necessary by exempting these men who render such signal service in the religious life of our nation.

Mr. Cruickshank: I am not quite clear concerning this resolution. As I understand the hon. member for Peel, the legal profession receives exemptions for expenses; is that correct in respect of people who contribute so little to the welfare of Canada? Am I to understand that the ministerial group, of which I am sure my young friend from Coast-Capilano knows so much, are being taxed? If that is so, then I say through you, Mr. Chairman, and through my young friend to the Minister of Finance, that it is high time they changed their policy.

Resolution agreed to.

[Mr. Graydon.]

8. That, for the 1949 and subsequent taxation years, the exemption from income of an individual in respect of a spouse supported by him shall not be reduced because of exempt income of the spouse.

Mr. Diefenbaker: Would the parliamentary assistant explain this resolution, and tell the committee whether it arises as the result of a court judgment?

Mr. Sinclair: I cannot say whether it arises as the result of a court judgment, but it does arise because of the need of one special group. Under the present terms of the Income Tax Act an individual is required to reduce his present exemption by the amount of income of his spouse in excess of $250. In calculating the amount of the spouse's income to be taken into consideration, the law now requires that receipts by her which are not in themselves taxable must be included. The most typical case is probably a wife supporting a husband who was a veteran in receipt of disability pension. Such pensions are not in themselves taxable but at the present time must be taken into consideration in the wife's income, and therefore they become taxable. That is the purpose of the resolution, and the class to which this resolution is intended to refer.

Mr. Adamson: It would include a wife's income as well from any source.

Mr. Sinclair: Yes, from any source.

Resolution agreed to.

9. That, for the 1949 and subsequent taxation years, all amounts whether in the form of lump sums or otherwise, received by employees from their employers, whether before, during or after their employment, shall be included in computing income of the employee unless it is established that they cannot reasonably be regarded as consideration for entry into the employment, remuneration for services or consideration for restrictions on the activities of the employee.

Mr. Smith (Calgary West): Would the parliamentary assistant explain this in language so simple that even I can understand it?

Mr. Sinclair: The purpose of this measure is to defeat practices resorted to by some taxpayers to avoid payment of income tax. These arrangements when found are usually between an employer and an employee of executive rank. In essence, they attempt to convert into a capital payment made in return for certain undertakings given by the employee a payment or series of payments that would otherwise be income of the employee. If such payments wear the guise of a capital payment they may escape income tax. It is only in very exceptional circumstances, however, that a payment made by an employer to an employee is not simply part of the terms of the employment, and it is only fair to the

great majority of taxpayers that they be kept under close surveillance and governed by the most rigid restrictions.

The purpose of the amendment that will be based on this paragraph is to bring all such payments, whether paid in a lump sum or otherwise, under scrutiny by the tax authorities. In the first instance they will all be deemed taxable unless the taxpayer can prove they were not of the type of payment I have mentioned.

Mr. Smith (Calgary West): I am grateful to the parliamentary assistant for that clear and lucid explanation in simple language, but would he mind telling me what it is all about? What is the evil you are seeking to correct? For instance the last three lines read:

—unless it is established that they cannot reasonably be regarded as consideration for entry into the employment, remuneration for services or consideration for restrictions on the activities of the employee.

I have read that over to myself half a dozen times and I am utterly unable to perceive any sense at all in it. I do not know what it means. Does it mean the payments that might be made to a hockey or baseball player where so much is paid for signing up?

Mr. Sinclair: It does.

Mr. Smith (Calgary West): Then I need not wear the dunce's cap any longer. I think I am the only person in the committee apart from the parliamentary assistant who knew that. We have that one thing explained. Then the resolution goes on:

—remuneration for services or consideration for restrictions on the activities of the employee.

Would that be for a woman who would go out for coffee in the morning at ten o'clock or for tea in the afternoon? What does it mean?

Mr. Sinclair: I gave the departmental explanation; now I shall give my own. A great many attempts have been made in the United States and a few in this country by high executives of companies to get around the special rates of income tax which we have on high salaries by obtaining from the company a lump sum and hedging it around with some qualification in order to make it look like a capital gain rather than a payment for past services or present services or for entering the employ of the company or for agreeing to restrictions in the future. An employee may be asked to say that he will never leave the company and therefore the employer would have the use of that employee's services as long as he wanted them; the employee could not go over to one of his competitors.

Mr. Graydon: That might be a boomerang.

Mr. Sinclair: It might or might not be, I am not in position to say. The ordinary little taxpayer or employee of a company would not get things like this; it is only the top executives who are in positions of control who could arrange anything like this. It is to prevent that practice of regarding these things as though they were not actually payments for services.

Mr. Higgins: Would the normal gift of cash at Christmastime to an employee be included in the employee's income?

Mr. Sinclair: Christmas bonuses are regarded as income. After all, they are part of the emoluments received by the employee for services rendered.

Mr. Higgins: Could a gift be considered as something apart from a bonus?

Mr. Sinclair: The only reason an employer would make a gift at Christmas or any other time during the year to an employee would be as a return for faithful service, and after all that would be part of his income whether it was paid monthly or given as a gift.

Mr. Higgins: What if it were in kind rather than in cash?

Mr. Sinclair: I am informed that the value of the gift is regarded as income.

Mr. Smith (Calgary West): Supposing when we leave here at Christmas we give a pair of gloves or some flowers to the secretaries who work for us, would the departmental officials regard that for one moment as being income? Surely nothing so nonsensical could be suggested?

Mr. Sinclair: My hon. friend, who is a lawyer, will be able to give me the answer in Latin which I have been given.

Mr. Smith (Calgary West): What the parliamentary assistant is saying is that we are not their employers as individuals. Let us go back to the private companies and see if we can get a smart answer to that. The last line of the resolution reads:

—remuneration for services or consideration for restrictions on the activities of the employee.

I thought I understood the reply given a few moments ago, but I want to be sure. What this means is that any transfer of money or anything of value between an employer and employee is in fact income and the individual would be charged for that. Is that not the law now? I cannot see that this adds anything to the present law. I am working for somebody and he gives me so much money or so many potatoes or something else in kind. That is all regarded as income. It must be if

Christmas bonuses are so regarded. I am utterly unable to see why we should have this conglomeration of words which will only confuse the simple law as it is today. Perhaps my judgment is wrong about that, but that is the way it appears to me.

Mr. Mutch: Carried.

Mr. Smith (Calgary West): With great respect to another parliamentary assistant who does not understand it and who probably will not even though he keeps shouting "carried"—

Mr. Mutch: With great respect, I am not saying anything about the law.

Mr. Smith (Calgary West): The parliamentary assistant said "carried". I heard him and I want to congratulate him on being so bright.

Mr. Sinclair: The point I tried to make earlier was that attempts have been made here similar to those in the United States to treat these things as capital payments which are made, not for services rendered but for other reasons. A payment might be made for an employee agreeing never to work for another employer, to restrict his future activities, and it was challenged that such a payment was not income. To make it quite clear that these things would be regarded as income a clause will be inserted in the bill which perhaps my hon. friend will be able to follow much better.

Mr. Diefenbaker: I am all right up to the beginning of the proviso, but I should like the parliamentary assistant to explain the proviso, which reads:

—unless it is established that they cannot reasonably be regarded as consideration for entry into the employment, remuneration for services or consideration for restrictions on the activities of the employee.

Could the parliamentary assistant give examples for each of these provisos? The first is that moneys paid cannot reasonably be regarded as consideration for entry into the employment. I should like an example of that. The second is remuneration for services or consideration for restrictions on the activities of the employee. I should also like an example of that. It is so involved that I doubt whether the appeal board would be able to interpret what it means. Possibly if examples are given we can understand it.

Mr. Sinclair: Perhaps I should first point out that the legal draftsmanship is certainly not mine, nor am I competent to interpret it. As far as the grammar is concerned, I would point out there is a double negative, and I would take it that the double negative means that these things are going to be regarded as income. If they are anything else they are not income, but these things are. An example of the first one would be a person taking a bonus of $10,000 to begin employment with a company, in addition to his regular salary.

Mr. Diefenbaker: Would that be free of income tax?

Mr. Sinclair: No, that is income. Any one of these things which are mentioned is going to be regarded as income. I must confess that if I were a lawyer I would have used the direct approach, but the double negative means if any one of these things was the reason why the capital payment was made, then that capital payment is income. If, on the other hand, it should happen that an employer had to buy a piece of property belonging to an employee, that would be a perfectly normal transaction. It is not covered by the last two lines and therefore it is not income.

Mr. Diefenbaker: What would be an example of the second proviso?

Mr. Sinclair: A straight bonus for entering service at all. Perhaps a good example of the first one would be the case of hockey and football players who are given say $10,000 to begin with in return for entering into a contract for their services with one hockey or baseball club.

Mr. Diefenbaker: Is that what it is to cover?

Mr. Sinclair: That is one of the things.

Mr. MacInnis: In view of the explanation of the parliamentary assistant as to the drafting, would it be correct to say that in drafting a law of this kind when the lawyers want to say yes they say "no, no"?

Mr. Diefenbaker: I have one more question as a matter of information, because I often hear it referred to. Suppose a person were employed by a limited company with a salary of $10,000 a year, and collected no part of his salary for a period of three years. Suppose he then discharged his liability to the company, the amount of $30,000, by selling his contract of service back to the company for $20,000. Would that be subject to income tax?

Mr. Belzile: In this particular instance I think it would be considered as income. It discharges a debt for a salary, which salary would have been taxable in ordinary circumstances. Every year the salary of $10,000 would have been taxable. At the end of three years the amount due is $30,000. A settlement is made for $20,000. The $20,000, being in settlement of previously earned salary, is taxable.

Mr. Diefenbaker: It is taxable?

Mr. Belzile: It is.

Mr. Smith (Calgary West): Just one question, and I promise I will not rise again. I wonder if you should not have some restriction after the word "activities" as, for example, "activities in the interests of the employee". It seems to me you leave yourself wide open on the word "activities". Surely it is presumed it would be activities from which the employer benefits, or something of that kind. It occurred to me you might want to do something about that in the act. You might just look at that.

Mr. Sinclair: Of course this is only the resolution. When we come to the bill the language will be clear.

Mr. Smith (Calgary West): I merely make the suggestion that when we come to the bill it might be advisable to restrict it.

Resolution agreed to.

10. That, for the 1949 and subsequent taxation years, payments made for a wheel chair may be included in the medical expenses for which a deduction from income may be made for the purpose of computing taxable income.

Mr. Fraser: On September 29 the hon. member for Macleod, I believe it was, asked a question whether payment for the services of an ambulance would be included in the exemptions, and the minister said that he did not think so. I said at that time that I thought if a doctor included in his bill the charge for the ambulance it could be deducted from the man's income tax. Will the parliamentary assistant say whether, if the ambulance charge is included in the doctor's account, it can be deducted from the individual's income tax?

Mr. Sinclair: Before I answer a hypothetical question, what reason would there be for a doctor to include an ambulance bill in his account?

Mr. Fraser: He might own an ambulance.

An hon. Member: He might be an undertaker, too.

Mr. Fraser: There are cases where some one party is unable to pay at the time. There are doctors who have themselves paid the charge for the ambulance, and perhaps six or seven months later have collected the amount from the individual.

Mr. Sinclair: I can only refer the hon. member to section 26 of the Income Tax Act which gives in detail the medical charges permitted as a deduction. I am told by the medical authorities around me that they know of no case where a doctor owns an ambulance.

Mr. Fraser: That was suggested on this side of the house. The doctor behind you likely told you that, but I know of two cases where the doctor has had to pay the ambulance charges, and six or seven months afterwards has collected it.

Mr. McCusker: I have heard of cases in Ireland where the doctor made his visits in a hearse so that if he was not successful or if he arrived too late he would save the family expense, but I have not heard of doctors in Canada assuming the responsibility for the ambulance charge.

Mr. Hansell: It is quite all right when a question is asked for the parliamentary assistant to read the act and say that is what is in the act. This afternoon, when we were talking about another tax, he said that people should know it is in the act. If the people should know certainly we should know. Therefore why does he say, "There is the act; it is in the act"? We know it is in the act. What we want is to have it taken out of the act. What we want is to have the act changed so that ambulance fees will be regarded as medical expenses. That is the point.

We should like to have some statement from him as to whether or not the government thinks it is reasonable to have ambulance fees included as a medical expense. The case I have in mind is that of a man who had to travel 200 miles in an ambulance to get special attention. His wife went with him. They had to put up at a hotel for a night before he could get a room in the hospital. He applied for exemption for those charges. I can understand if he had to go to a hotel perhaps that in itself would not involve a medical expense. I know the government would run into some difficulty and perhaps discover there were a lot of travellers who had been taken sick when they had to stay at a hotel. I can understand the hotel part not being included as medical expenses, but for the life of me I cannot understand why ambulance charges are not included in medical expenses. When one travels a couple of hundred miles by ambulance, the bill is considerable. I believe such charges should be included in medical expenses if the patient has to be transported to some place for medical attention. If the officials are doubtful about the charge, a statement from the doctor could be secured. I believe an ambulance charge is a legitimate claim for exemption, and I should like the department to tell us whether or not they think so; and if so, will they have it changed?

Mr. Sinclair: In answer to the initial remarks of the hon. member, may I say that the member for Peterborough West asked me

whether there was a provision in the act, and I did give him the actual section of the act. So far as the question of the member for Macleod is concerned, consideration has been given to allowing other than medical expenses, but at this time it is not government policy to extend these concessions further.

Mr. Fraser: I asked the parliamentary assistant whether an ambulance charge could be included in the doctor's bill, and be exempted in that way.

Mr. Sinclair: No.

Mr. Applewhaite: I had no intention of entering the discussion on this resolution, but if the department gives favourable consideration to the request which has been put forward, and perhaps with justification, for those who are fortunate enough to be able to travel via ambulance, will they also kindly remember the transportation charges which have to be met in a district such as mine where a man has to hire a plane and travel 500 or 600 miles to reach a doctor. If he does not do that, he has to wait until the following spring. This is a major item of expense, and it is an item which may be argued at considerable length. I do not intend to hold up the committee for any length of time, but I do not intend to let the people who are fortunate enough to be able to ride in an ambulance at a cost of $5 or $10 go to the department with that request and have it granted, without some consideration being given to those people who have to hire an aeroplane, which is an item of real expense.

Mr. Hansell: My reply to the hon. gentleman who has just taken his seat is that even though a patient had to take a train, upon the doctor's insistence in writing, then that expense should be allowed. It does not make any difference.

Mr. White (Hastings-Peterborough): I should like to ask the parliamentary assistant whether it is not correct that the income tax department does allow ambulance charges now?

Mr. Sinclair: The answer is no.

Mr. White (Hastings-Peterborough): I would suggest that the parliamentary assistant ask the Minister of National Revenue, because I know of cases where ambulance charges have been allowed.

Mr. McCann: Mr. Chairman, the answer is no. If they were allowed, they were allowed in error.

Mr. Herridge: Speaking about these ambulance charges, I should like to say that on numerous occasions in my district people have to hire ambulances to go from isolated points to the cities of Trail or Nelson. Sometimes it is necessary to travel one hundred or one hundred and fifty miles, and the ambulance charge is from $35 to $70. When people meet with sickness, that is a serious expense. I would ask the parliamentary assistant to bring this matter to the attention of the government in such a way as to bring out the special circumstances mentioned by the members. This is a necessary and often costly expenditure.

Mr. McCusker: If I might speak again, I should like to correct an impression which may have been caused by a facetious remark of mine concerning the doctor in Ireland, who always travelled in the hearse to save the family expense, because he always arrived too late. I have a certain amount of sympathy for the stand that has been taken by these gentlemen tonight concerning people who live in remote areas, and who have to hire transportation to convey them to the hospital. In Saskatchewan there is an ambulance system by means of which an aeroplane will go to any spot in the province and convey the patient to hospital for the sum of $25. If the patient can pay for that, there is a charge made. If he cannot, he travels at public expense.

I can understand the reluctance of the government to accept the responsibility for transporting patients by ambulance because we know of the abuses that inevitably follow. I am quite sure the privilege would be abused. In Saskatchewan there is prepaid hospitalization today. The biggest problem facing the doctors there is to decide who should be sent to the hospital and who should be kept out. If you are going to give patients free ambulance transportation, the privilege is going to be abused. The Saskatchewan government has had to put very stiff regulations in force to prevent the abuse of its ambulance service. It is still being abused, however.

If the gentlemen who plead for an ambulance service will put forward some means of regulating it, then I will support their plea. As it is, I think it would lead to too many abuses if granted.

Mr. Fraser: I should like to say a word about the remarks of the last speaker. During the last few years there has been an increase in polio cases. The newspapers have carried reports of cases in which children have had to be rushed to the Children's hospital in Toronto or to the Toronto General hospital. Just two weeks ago, I believe, there was a case at North Bay. Patients from 200 or 300 miles away have to go to Toronto for treatment and they have to get there in a hurry. At such a time the parents never think about

the cost; the patient is their first thought. When income tax time arrives, the parents have to think of costs of that kind. I believe that where an ambulance or a car is used the expense should be allowed. This man in North Bay, a workingman, had to hire a taxi, and that is quite expensive.

Resolution agreed to.

11. That, for the 1949 and subsequent taxation years, $500 may be deducted from income for the purpose of computing taxable income of a taxpayer who, throughout the whole of the taxation year, was necessarily confined by reason of illness, injury or affliction to a bed or wheel chair.

Mr. Bater: In connection with resolution 11, I believe consideration should be given to amending this section. In order to qualify for the exemption under this section, a taxpayer must be ill and confined to his bed or wheelchair throughout the whole of a taxation year. Since the taxation year is the calendar year, a person could be confined to a wheelchair or to bed for a period of 22 months, being eleven months in 1949 and 11 months in 1950. Such a person could not qualify for any reduction under this clause.

Mr. Sinclair: Section 11 was intended primarily for people who are, shall I say, chronically bedridden, people who are in their beds year after year. The case which the hon. member mentions, of a person being in bed for 11 months extending through two taxation years is not covered by this section. He is allowed, in the taxation year in which his sickness ends, the cost of the attendants, a concession granted in last year's Income Tax Act.

Mr. Bater: The parliamentary assistant says he is allowed the cost of the attendant?

Mr. Sinclair: The cost of the attendant included in his medical expenses. That was allowed earlier as part of the medical expenses of somebody who was bedridden.

Mr. Bater: As the parliamentary assistant has mentioned attendants, I will mention something that I was not going to bring up under resolution No. 11. I happen to be familiar with a case in which the taxpayer appealed because he was not allowed the amount paid an attendant for eight consecutive months in one year. Because of the mere fact that it was not twelve months, he was not allowed his claim, and he lost the appeal for the attendant to whom he had paid a salary for the purpose of taking care of his spouse for eight months in one calendar year.

Mr. Sinclair: If the hon. member will wait until the bill comes down, he will see the actual details. It is difficult to talk back and forth in this committee about figures of percentages and exemptions and make them understandable. If hon. members wait until the bill is brought down they will have the details in front of them rather than just the general resolution.

Mr. Adamson: I have great sympathy with what the hon. member has just said, and I should like to support it by moving an amendment to this effect:

That the words "the whole" in the resolution be struck out and that "ten months" be substituted therefor.

I do this because I feel that in any taxation year, if a patient is bedridden for a period of ten months, which is about 80 per cent of the taxation year, he is virtually immobilized for the whole year and can be considered to be a chronically bedridden patient. I should like to move that amendment because I have sympathy with what the hon. gentleman has just said.

Mr. Sinclair: Two points arise here, Mr. Chairman. First of all, there is the point of order. This of course is exactly the same point as we had raised this afternoon under citation 552. The other point is broader than that. It is a matter of borderlines. The hon. member says "ten months". Another member may move an amendment specifying eight month, six months, or four months. Where are you going to draw the line? In this bill we have drawn the line at one year. In any event, I submit that the hon. member's amendment is out of order under citation 552.

Mr. Adamson: Speaking to the point of order, I gather that the parliamentary assistant is contending that this amendment is out of order because it reduces the revenue. As it does not increase the expenditures of the federal treasury and does not reduce the revenue in any way,—

Mr. Sinclair: But it does.

Mr. Adamson: —I feel that it is not out of order.

The Deputy Chairman: I may tell the hon. member that I have not his motion in writing before me.

Mr. Adamson: I thought I had given it to you, Mr. Chairman. I gave it to one of the clerks.

The Deputy Chairman: I have it now. I understand that the contention of the parliamentary assistant is that, if this motion were to carry, it would result in a loss of revenue by the treasury.

Mr. Sinclair: Yes. If it did not, there is no point in the hon. member moving it; because if there is no loss in revenue to the government then obviously there is no benefit to the taxpayer.

The Deputy Chairman: This afternoon two similar motions were made. I would refer the hon. member to citation 552 of Beauchesne's Parliamentary Rules and Forms, second edition, which I think applies in this case as well. I would draw his attention to the following words:

> Amendments, therefore, can be proposed to substitute another tax, of equivalent amount, for that proposed by the government.

As this motion is similar to the ones made this afternoon and falls under this citation 552, in my opinion it is out of order and I so rule.

Resolution agreed to.

> 12. That special deductions from income to taxpayers engaged in exploring or drilling for natural gas, oil or minerals be allowed for expenses incurred in the 1950, 1951 and 1952 operations on the same basis as for expenses in 1949 operations.

Mr. Harkness: I presume that the various deductions which are spoken of here and are all lumped together will be detailed in the bill when it comes in. Is that correct?

I notice that these various tax concessions which have been allowed in the last several years with regard to drilling for gas and oil will, in this particular case, be extended for the years 1950, 1951 and 1952. For the past three or four years I have personally been attempting to get the government to include these in the regular tax structure of the country on a permanent basis. It appears as though they are making a move in that direction by making them for three years in advance, and I am glad to see that. Having gone that far, I think it would be only logical and in the best interests of the oil and gas industry if they went the whole way and put them in the permanent tax structure rather than only for three years.

In that connection, and in order to save time, may I say that I notice that resolution No. 13, which provides for special tax concessions for deep-test wells, is only for 1950, I think; in other words, it is only for one year in advance. I would suggest that it be given the same treatment as the other tax concessions in the oil and gas field. I do not see any reason why it should not be. I would suggest that it be put in the same class and given the same treatment as the rest of these concessions which are dealt with in resolution No. 12, and that they be made effective for 1950, 1951, and 1952, unless, as I say, the government sees fit to go the whole way and make these things part of the regular tax structure so that the people in the oil and gas industry would know where they stand and can make their plans accordingly. This is going to help them considerably. They will know where they stand for three years in advance. As I say, I cannot see any reason why this deep-test well concession should be exempted. It should be included along with the others.

Mr. Sinclair: In reply to the hon. member, may I say that I was glad to have his opinion that this is a step forward in giving the industry a three-year period of further stability in their tax structure.

As to resolution No. 13—I imagine we are considering them together, because they are in some way related—it is a special concession given to a small number of wells. Actually, I believe, there are very few at the present time, not more than a dozen at the outside. Since the number is limited, it has not the general application that resolution No. 12 has. That is the reason why they are still keeping it on a year-to-year basis. If a great number of these deep-test wells should be drilled, no doubt amendments as in No. 12 will take place, first of all in the way of extension of the period and then perhaps, as the hon. member has mentioned, some such concession permanently included in the tax structure.

Mr. Gibson (Comox-Alberni): What is the depth of a deep-test well?

Mr. Cruickshank: I had better talk first. I should like to ask the parliamentary assistant a question in this connection. If this special privilege is to be given to these companies, will any provision be made to the effect that Canadians will be served first, prior to exportation of the gas or oil to any other country, before any permit is given?

Mr. Sinclair: This resolution relates only to taxation and does not relate to private bills which are now before the house.

Mr. Cruickshank: No, Mr. Chairman. I was asking the parliamentary assistant if the government would—and I presume he is speaking with authority as parliamentary assistant—prior to giving this concession, see that Canadian interests are served first.

Mr. Harkness: Mr. Chairman,—

The Deputy Chairman: The hon. member for Calgary East.

Mr. Cruickshank: Oh, no. I want an answer to my question.

Mr. Harkness: As to deep-test wells, I think the parliamentary assistant probably has not the full information in the matter.

Mr. Cruickshank: Or knowledge of it either.

Mr. Harkness: This particular tax concession was put into effect during the war for the express purpose of encouraging people to drill wells in the foothills sections of Alberta where they had to drill to a depth of 8,000,

9,000, 10,000 or 12,000 feet in order to find an oil or gas-bearing structure. The parliamentary assistant says that only twelve or fourteen people are enjoying any advantage from it. That is because at the present time the amount of drilling in this fairly deep foothills section, where very deep drilling is required, has been pretty well suspended owing to the fact that large quantities of oil and gas have been found in the plains area in Alberta around Leduc, Redwater and so forth, where wells are only four or five thousand feet deep. The fact that oil and gas have been found in these shallower horizons does not take away the need of giving encouragement to people to drill in areas where they will have to go deeper. Therefore I cannot see the argument that the parliamentary assistant made that at the present time only twelve or fourteen people are taking advantage of this. That is no reason why they should not be placed in the same position as the other oil and gas tax concessions and extended for a period of three years.

If a company or an individual is going to drill a well in these areas where great depth is required, because the distance may be twice as great, the time taken to drill the well, instead of being twice as long, may be four or five times as long. The greater the difficulty in drilling the longer the time it takes. That makes it necessary to give the people who may be willing to drill in these areas where depth is required some assurance that they are going to have a certain amount of protection in the future so far as tax concessions are concerned. The necessity for that in deep wells is greater than in other wells, and in my opinion these deep wells should be included along with the others.

Mr. Gibson (Comox-Alberni): Has the department determined what constitutes the depth of a deep well?

Mr. Sinclair: I am informed that it is a matter of expense more than depth. The very expensive wells, some of which cost a quarter of a million dollars or more, and run to 9,000, 10,000, 11,000, 12,000 feet. As the hon. member for Calgary East said, an ordinary well is 3,000, 4,000, 5,000 feet deep. The actual concession is a very special one and is given to a small group. That is why at the present time this limit is placed on it.

Mr. Harkness: It was not given to a small group. It is open to anybody who will drill a well in these deep horizons. As I see it, it is necessary to afford some incentive to people to drill. Because only a few people have obtained it so far is no reason why it should not be continued and put on the same basis as other concessions so that people who may be willing to do that drilling may have greater incentive.

Mr. Smith (Calgary West): In view of the answer given by the parliamentary assistant to the hon. member for Comox-Alberni, may I ask whether there is any geographical limitation as to where this deep-test assistance may be given? My memory is very hazy on this. I remember that when it was done it was done with a view to testing what we knew as marginal ground. I am not sure that I am right about that. Perhaps the parliamentary assistant can answer this simple question. Even on a yearly basis, is there any geographical limit to this assistance? Because, if that be so, what the hon. member for Calgary East has said has great force indeed. It may be that this applied only to what we called marginal areas.

Mr. Sinclair: I am informed that the consent of the Department of Mines and Resources must be obtained before this concession is given to a test well. Aside from that, when the bill is before the house, if it is necessary we can have one of the officers of the mines and resources department here to explain these details.

Mr. Smith (Calgary West): The parliamentary assistant is quite right. The consent of the department has to be given. As a matter of fact, the administrator was out there at one time to study the general application. If the parliamentary assistant cannot explain it now, perhaps he might look it up before we return to it again. If what I say is right, then I am very much in favour of what the hon. member for Calgary East said.

Mr. Adamson: I agree with what the two hon. members from Calgary have said. Does resolution 12 apply also to metalliferous mines? Resolution 14 refers to metalliferous mines coming into production. Resolution 12 mentions minerals only. I assume that it would also include all drilling for metals, drilling for such materials as cement, limestone, and all the non-metallic minerals and metallic minerals as well. Will the parliamentary assistant clear up that point? It is a little ambiguous. In resolution 14 metalliferous mines are definitely mentioned.

Mr. Sinclair: Resolutions 12 and 14. Resolution 12 mentions drilling not only for oil but for minerals. Resolution 13 gives special concessions to deep-test wells and is confined to drilling for oil.

Mr. Adamson: My point is this: Resolutions 12 and 13 are primarily oil resolutions. They also have application to the development of, shall we say, the non-metallic minerals such

as cement, limestone and quarrying, gypsum and these other things which may be drilled for such as gypsum-bearing earth and other materials, which are non-metallic but it also includes metallics as well.

Mr. Sinclair: The principal word in resolution 12 is "exploring". It is of course a concession given to a company for the cost of off-property exploration; whereas resolution 14 is a different thing. It refers to income tax on a mine once it is in production.

Mr. Adamson: I realize that. That is just exactly the point I am trying to explain to the parliamentary assistant. Resolutions 12 and 13, which we are dealing with now, deal primarily with prospecting and drilling for oil.

Mr. Sinclair: No, minerals.

Mr. Adamson: There is a great deal of other prospecting and drilling going on. I want this clarified. Does it also include prospecting and drilling for metallic minerals, non-ferrous minerals and non-metallic minerals. I should like that point to be made abundantly clear to the country.

Mr. Sinclair: That is quite true. It does refer to off-property exploration for any type of mineral. It is an extension of the existing legislation, not annually as it has been in the past but for a three-year period.

Resolution agreed to.

13. That special deductions from taxes to taxpayers engaged in exploring or drilling for oil for expenses incurred on deep-test oil wells be allowed for such expenses in 1950 operations on the same basis as for such expenses in 1949 operations.

14. That the provision for the exemption of income derived from a metalliferous or industrial mineral mine that came into production during the calendar years 1946 to 1949 inclusive during the period of thirty-six months after the mine came into production be extended to exempt income from such mines that come into production during the calendar years 1950, 1951 and 1952.

Resolutions agreed to.

15. That tax concessions under statutes of Newfoundland shall not apply in respect of taxes imposed by any act of the parliament of Canada.

Mr. Higgins: I should like to say a few words on this resolution. As I understand it, this resolution is aimed directly at some three or four Newfoundland corporations. Is that so?

Mr. Sinclair: This resolution is aimed at no corporation. It applies the taxation laws of Canada to Newfoundland.

Mr. Higgins: As I understand the position, there are some three or four—three, I believe —Newfoundland corporations which have tax concessions by agreement or by statute. I believe it is by statute, although I have not the statute here, nor have I the citation. The position is, however, that these companies have income tax concessions for a varying period of years.

By analogy, I suggest that, in connection with the sale and transfer of a house, if there is a tenant in the house at the time of the transfer when one buys the house one takes over the lease subject to the conditions of the lease. By the agreement under which we have come into confederation Canada has assumed whatever obligations were made by former Newfoundland governments. These three or four companies have tax concessions by statute; and now by this resolution the department is attempting to remove those concessions. Is that not correct?

Mr. Sinclair: The intent is the reverse. The intention is to see that the corporations in Newfoundland shall have exactly the same federal tax laws applied to them as the corporations in any of the other nine provinces—either corporations or individuals.

Mr. Higgins: Is it not a fact that the income tax of Canada will be applied to these corporations?

Mr. Sinclair: That is right.

Mr. Higgins: Even though they are exempt from taxation by statute of Newfoundland.

Mr. Sinclair: They have never been exempted from taxation so far as the Dominion of Canada is concerned. I would refer the hon. member to the terms of union, sections 18 (2), 27 (4) and 47, which set out the laws of Canada which should apply to Newfoundland. Not being a lawyer, I would say that, if there is a contractual relationship between these companies and the government of Newfoundland, then perhaps it still exists between them. But the Dominion of Canada was certainly no party to those contractual relations. In the terms of union it was clearly stated that when Newfoundland became a part of Canada the laws of Canada, and especially the taxation laws, would be applied in the new province as in the other nine provinces.

Mr. Higgins: I presume the parliamentary assistant knows that the agreements were legal agreements that had been made prior to confederation.

Mr. Sinclair: Perhaps the hon. member is more familiar with the terms of agreement than I am, but the sections to which I have referred do not make mention of that at all. The taxation sections apply the taxation laws of Canada to the province of Newfoundland.

Mr. Higgins: I am aware of that. I want to bring to the attention of the minister and

hon. members the position in this particular matter. I hold no particular brief for these corporations, but I do feel it is a great injustice which has been worked upon them. The situation is that by an agreement—I believe it was 1925, in respect of one corporation, in respect of another the agreement expires in 1951, and concerning the third I am not quite sure of the date it expires—these companies have been operating on the assumption that they were going to be tax exempt up to a certain figure for the particular period set forth in the statute. In one instance I believe the tax figure is $150,000 a year, no matter what the earnings are. In the case of that corporation an expansion in the plant has been made. I presume it has based its wage scale upon its taxation; and if that corporation is going to be faced with the income tax proposed by this resolution there may be serious repercussions.

I trust due consideration has been given to these corporations, and that they have had an opportunity to present their views in the matter. If not, it is grossly unfair in my opinion; and I submit that to impose this taxation at this particular time on these corporations is contrary to justice. In fact, in my opinion it is illegal. I should like to have the minister's comment in this regard.

Mr. Shaw: There is one matter I should like to bring to the attention of the Minister of National Revenue. I assume that correspondence going out from a regional office would go post-free?

Mr. McCann: No, it does not.

Mr. Shaw: I would suggest therefore that officials in some of the district offices be advised to stamp their letters. Scores of envelopes like these were handed to me during the election campaign. I did not object to its occurring at that time; but the recipients were obliged to pay eight cents on each of these. When upon opening them they learned they were letters from the income tax branch it did not help matters. Most of them came to my attention in May, and I did not object too loudly at that time because we were in the campaign. I do suggest to the minister however that it is unfair to have the recipients of these letters paying extra postage. The individual who handed me this one received five within a couple of weeks and had to pay double postage on each one. I suggest this matter might be brought to the attention of the Calgary district office.

Mr. McCann: I shall be glad to look into the matter. Our department pays postage, and it is usually done by meter. Is there any meter mark on the letter?

Mr. Shaw: No. It just says "Come to the circus"—on such-and-such a date.

Resolution agreed to.

Resolutions reported, read the second time and concurred in.

Mr. Sinclair (for the Minister of Finance) thereupon moved for leave to introduce Bill No. 176, to amend the Income Tax Act and the Income War Tax Act.

Motion agreed to and bill read the first time.

ANIMAL CONTAGIOUS DISEASES ACT

ADDITIONAL COMPENSATION TO OWNERS OF SLAUGHTERED CATTLE

The house resumed, from Monday, November 7, consideration of the motion of Mr. Gardiner for the second reading of Bill No. 147, to amend the Animal Contagious Diseases Act.

Mr. H. O. White (Middlesex East): Mr. Speaker, when eleven o'clock came on Monday evening we were discussing this bill and the Minister of Agriculture (Mr. Gardiner) had asked me for the date of a certain presentation made to the minister last spring. I now find it was Tuesday, March 15, 1949. I had intended to refer only to a paragraph or two of the presentation that was made, but in view of some of the things that have happened it might be well to place the whole presentation on the record at this time. It reads:

> Representing cattle raisers in a group of western Ontario counties we desire to make certain representations to you and the government concerning compensation for reactors under the T.B. area test.
>
> With the broad principle of T.B. testing and the eradication of bovine tuberculosis we are in full accord. The altered economy of the nation makes the present compensation for reactors entirely inadequate and imposes upon the loser of cattle an unfair share of the costs.
>
> Obviously, compensation is a recognition of responsibility on the part of the state, or the public at large. The eradication of bovine tuberculosis is manifestly a public health enterprise and it is only fair that the state should share in the price that must be paid.
>
> Under health of animals regulations obtaining up to world war II, compensation and salvage values combined to reimburse the cattle raiser to a fair extent, clean-up costs were not excessive and herds could be replaced at or around the reimbursement figures.
>
> Then came the war. T.B. testing was discontinued and a group of counties in western Ontario which applied for the test in the late thirties are now being tested under altogether different conditions. The whole economy of the nation has changed. Cattle values have risen. All costs have multiplied and the compensation, always modest, but over long periods perhaps fair, now represents a much smaller portion of the loss.
>
> Under present conditions the cattle raiser is compelled to bear a much larger share of the cost of this great public health enterprise. The state,

in other words the people whose health is safeguarded by this testing program, pay a much smaller share of the cost.

In view of the magnificent war record of Canadian agriculture we cannot be convinced that the people of Canada will demand that farmers in the newly tested areas, and in areas still to be tested, shall be classed as "war casualties" and made to bear this unfair share of a post-war public health project.

Net losses are ranging from a few hundred dollars up to three and four thousand dollars. There are cases of young farmers, just getting started who have lost their entire herds, and some of these young men borrowed money to purchase the animals that have now gone to the slaughter house. Not only have they lost their herds, but they must now bear the expense of a thorough clean-up; it will cost a great deal of money, at present values, to buy in a similar number of cattle of comparable quality and the monthly cheque for milk and dairy products is forfeited until the herd is replaced.

Young farmers exposed to such a set of circumstances have commendable courage and determination if they carry on.

Middle-aged farmers are in a similar position, except that their net losses are usually much greater because of larger herds built up over the years. They, too, have fortitude and determination if they proceed to rebuild.

The situation is indeed serious—in some cases tragic. The $38 received as compensation is a ridiculously small recognition, or reward, on the part of the state, when the cattle raiser is obliged to pay $250 or $300 for cattle as good as those sacrificed in this T.B. clean-up campaign.

The inadequacy of the compensation can be further emphasized by the fact that after compensation and salvage have been received many cattle raisers suffer a net loss of two and three thousand dollars. Surely the people of Canada are not demanding that sacrifice on the part of Canadian farmers.

We submit that the regulations are too rigid. Appraisal values are now far too low and the actual compensation is grossly inadequate in these times.

More flexible regulations, with an element of adaptability about them, might be found applicable even to the circumstances about which we complain.

Recommendations

We submit that the valuation on grade cows should be raised to $100 with a comparable increase in the valuation placed on other classes of cattle.

Perhaps the severest blow is suffered by farmers in the loss of cattle going to the tank and thus, under present regulations, producing no salvage revenue. We therefore strongly urge that market value at prevailing beef prices be paid the owner, as well as compensation, for all animals declared to be tankers.

And we recommend further that these increased payments be made retroactive to the beginning of post-war area testing.

Some time later the Minister of Agriculture (Mr. Gardiner) and his parliamentary assistant made certain statements. The parliamentary assistant is reported on page 2737 of *Hansard* of April 29, 1949, as having answered a question asked by Mr. Daniel, the former member for Oxford, as follows:

I can assure the member that it is the intention of the government to increase the compensation paid to T.B. reactors, and also to make it retroactive.

[Mr. White (Middlesex East).]

The Minister of Agriculture is reported at page 2239 of *Hansard* of April 1, 1949, as having said:

I am able to state that those who are concerned with the matter have been in to see us and they did not ask for any more than we were considering giving, so I think it likely there will be satisfaction when an announcement is finally made.

A group of cattle raisers approached the department and following that the minister and his parliamentary assistant made the promises that I have referred to. This bill certainly does not live up to those promises; the promises and the practices are poles apart. In the statement made by the parliamentary assistant no reference whatever was made to tankers; the only reference was to reactors.

In legal matters a great deal of attention is paid to precedent and I should like to direct attention to the precedents that have been established by former ministers of agriculture under similar conditions, and I refer to the Hon. Mr. Burrell in 1913, the Hon. Mr. Crerar in 1918, and the Hon. Mr. Motherwell in 1923, as well as the Hon. Mr. Tolmie, who was minister of agriculture when the original motion was introduced to take care of the problems covered by this bill.

This being a money bill, I am not in position to introduce an amendment, but, as I have mentioned previously, many farmers in the counties of Oxford, Norfolk, Perth and others are disappointed. I should like to refer to one or two statements that have been made in the house on previous occasions. First I should like to quote a statement made by the late Harry Leader, former member for Portage la Prairie, as reported on page 2739 of *Hansard* of 1922. He said:

I wish to protest against the reduction of the indemnity paid for purebred cattle. I have received numerous letters and telegrams and I know if I stay here long enough I shall be beseiged by sheaves of letters and telegrams in regard to this matter.

Breeders are just waking up to the fact that there is going to be a reduction in the indemnity.

That was in 1922 when the government was trying to reduce the amount. If they thought it convenient to reduce it when cattle prices were going down, then surely they can find it convenient to increase it when cattle prices are much higher. Mr. Leader went on to say:

I protest against the reduction in the indemnifications for cattle . . . But what about the effect of the disease on human beings? The statistics show that one child, in every three under the age of ten who have tuberculosis, contacted the disease through a bovine origin.

It is my opinion that the work should be continued, and that farmers should not be discouraged but encouraged. Mr. Kellner, a member of the house in 1922, produced statistics to show that the average value of a grade cow in the province of Ontario was $59, and

at the same time the valuation for compensation purposes was placed at $150 for purebreds and $60 for grades, the government paying two-thirds of those figures. Therefore I feel that the bill is not adequate and I should like to hear the parliamentary assistant explain why it is so inadequate.

Mr. Gordon Graydon (Peel): Before the motion carries, Mr. Speaker, there is one matter I want to put before the parliamentary assistant. I have raised this question time after time in the house. I brought it up again during the estimates of the Minister of Agriculture (Mr. Gardiner) in the present session. It has to do with two of the most glaring cases that agriculture has experienced in the matter of compensation paid for reactors under the tuberculosis test regulations. I regret that it is necessary to raise the subject so often, but when I was on my feet on the last occasion I cautioned the minister in connection with it, and said that I thought there was a sufficiently outstanding injustice perpetrated upon these two particular farmers and dairymen for the matter to be repeated until some remedy was provided.

The reason I am raising it again is that the principle of Bill 147 seems to be aimed not at remedying the injustice but at preventing the government from remedying it. I am not going to refer to clauses of the bill because that normally takes place in committee. One of the major principles of the bill is in section 3, and as I see it it prevents any review, unless the parliamentary assistant can give an explanation in committee to the contrary, or any payment of compensation to these farmers whose cause I have tried to champion before.

In order that the parliamentary assistant may understand the point I am raising, in a year previous to 1947, prior to which the act is not retroactive, Donald McIntyre, a farmer and dairyman living a little to the east of Stayner in the county of Simcoe, had a herd of purebred Holstein cattle which had been tested for tuberculosis for years and years under the ordinary government regulations, and had always reacted favourably. In the year 1943 or 1944—I am not sure which it is, but it is on record so often that it is easy to ascertain—forty-three out of forty-four of his herd went down and were slaughtered. When they went to the abattoir there was not a single jot or tittle of evidence that any of them had tuberculosis anywhere in their carcasses.

In addition to that, a careful examination was made by the government veterinarians at the abattoir, and the closest they could come to any sign of tuberculosis was that there was evidence that at one time one cow had had pneumonia. To me that seemed to be stretching it pretty far, and the farmer took a similar view of it. I am told that at that particular time—and I do not think there is any doubt about the evidence in this case—there was a change in the type of serum used in the tuberculosis test. I know that changes have been made in the serum from time to time, and the department no doubt would readily explain that they were made because of certain United States regulations. Sometimes some of our cattle have been allowed to go there, and it was found when they got them there that the United States serum showed an unfavourable reaction, and that the cows were reactors.

Nevertheless, in the case to which I have referred a new serum was used, a serum that apparently was particularly severe on the system of the animal, and it caused the whole herd to go down with the exception of one cow. The veterinarians involved in the matter were not satisfied. I am satisfied also that the department was greatly concerned about what had happened. Not only did one herd go down but also another herd in the province of Nova Scotia reacted at the same time, and that farmer also lost his cattle. I think it can be established beyond any question that the serum used, severe as it was, caused these farmers to lose their herds, and to have to take a lower price by virtue thereof.

It seems to me that the act will be an insurmountable obstacle to any review or payment which might be made to these two badly used farmers. It is not as though there are hundreds of herds across Canada for which compensation will have to be paid because of the severity of this particular serum. So far as I know, and I think the records of the department will bear me out, there are only two herds. Time after time we have done things in this house to provide for special cases. Where the fault does not lie with the farmer but with the government, I think the government has a special obligation that ought to be met. I hope that the parliamentary assistant, when he comes to section 3 of the bill, will not say that the legislation rules out a review of these cases. I had hoped, from the rather favourable reaction of the minister when his estimates were before the house, that he was going to give favourable consideration to remedying this most outstanding injustice. It is a great disappointment and discouragement to me, as it is to the two farmers involved, that legislation such as this should be put on the statute books which will block the possibility of remedying an injustice. What we should be doing is passing statutes to remedy injustices, not putting on the statute books of Canada laws that will prevent injustices from

being remedied. I do plead with the parliamentary assistant to see that, whatever happens with respect to this legislation, it does not bar the correcting of abuses such as I have outlined.

I said before, and I repeat, that neither of these two farmers is a constituent of mine. I have no axe to grind, but I have been impressed with the obvious injustice—I am not suggesting that the government was trying to get reactors among those herds, but wherever there may be some doubt the government ought to lean towards the farmer. I believe the government should pay the farmer for the loss that was occasioned through no fault of his, but owing to the fact that the serum used was too severe. As I understand, this serum was later withdrawn.

Now, that is the case in a nutshell. I regret having to raise this question time after time, but I will say, Mr. Speaker, that I intend to raise it until such time as that injustice is remedied. If this bill is going to bar the remedying of that situation, then the minister ought to review it before it finally becomes law. It is not fair; it is not just; it is not equitable. Surely, if there is any class of people in Canada deserving of justice and equity, it is the people in our agricultural sections.

Mr. L. E. Cardiff (Huron North): Mr. Speaker, I should like to register my protest in regard to the compensation offered in this bill. I believe the parliamentary assistant and the minister know quite well that it is not sufficient. The promises which were made before the election campaign are not being fulfilled. I believe the minister should listen to the protests that have been made. The test is being conducted in my county now, and many farmers are complaining about the amount they are receiving.

I might mention one woman in particular who, before the election, wrote to me complaining about the fact that her cattle were the only cattle that reacted in that particular section. She complained bitterly. I do not know why her cattle were the only ones. It might have been that they were the only affected cattle in the section because, certainly, I do not believe any difference would be made in the tests. Apparently, she thought she was being discriminated against, and it was rather difficult to talk her out of that position. In any event, the compensation being offered in this bill is not nearly sufficient to pay for the loss sustained when cattle react to the test.

Those members who know something about keeping a dairy herd are well aware of what it costs to replenish a herd. Many herds have reacted; in some sections worse than in others. My own herd has not yet been tested, so I am not talking about myself. I do plead with the parliamentary assistant to do everything he can to have this bill sent to a committee and re-worded, so that those who have suffered losses will receive fair compensation.

Mr. Speaker: It is my duty to inform the house that if the parliamentary assistant to the Minister of Agriculture speaks for the minister he will close the debate.

Mr. A. C. Murray (Oxford): Mr. Speaker, reference has been made to the tests conducted in the county of Oxford. May I ask the parliamentary assistant how many reactors there were in Oxford county? How many cattle did go to the tank within the last two and one-half years?

Mr. Speaker: If the parliamentary assistant to the Minister of Agriculture speaks now, he will close the debate.

Mr. Robert McCubbin (Parliamentary Assistant to the Minister of Agriculture): Mr. Speaker, in answer to the question raised by the hon. member for Oxford (Mr. Murray), I should say that that question will be answered when the bill goes to the committee. It was not my intention to say very much about this bill at this time, but owing to what has been said I feel it is my duty, as parliamentary assistant, to say something about the matter.

This question has been under discussion since last fall. Last October or November, when the federation meetings were being held in the county of Middlesex, this matter was brought to the fore quite forcibly. The feeling at the township meetings in the county of Middlesex was that the farmers were not receiving fair compensation for the reactors. I attended many of those meetings and listened to the suggestions, both pro and con, about what should be done. I was questioned about it and I asked questions of those present. I obtained the views of the farmers of my own county as best I could. There were views put forward in favour of raising the compensation for reactors, and other views in favour of raising the compensation for the reactors that went to the tank.

I listened to all those views, and considered them for some time. I came to Ottawa in December of last year, at the time of the dominion-provincial conference on agriculture, and took this matter up with our departmental officials. I asked them if some assistance could not be given the farmers who lost cattle as a result of these T.B. tests. They asked me what I wanted to do, and I said I should like to have the Animal Contagious Diseases Act amended. As such an amendment would have to be brought before parliament and parliament

was not meeting until January, nothing could be done until that time. I asked the departmental officials to consider the matter in the meantime.

As I said, the federation had met in Middlesex county. During the meeting, resolutions were passed and I have copies of those resolutions. Most of the resolutions did not request as much as we are now granting, but the resolutions differed from township to township. When parliament met in January of this year, the Minister of Agriculture (Mr. Gardiner) and the officials of the department discussed this matter. We were all of the same opinion as to what should be done for those farmers who had lost cattle as a result of the T.B. tests. Everyone in this house understands that these T.B. tests are for health purposes.

Some of the farmers are opposed to the test, just as I was back in 1939. At that time a petition was circulated in the county of Middlesex for these T.B. tests, and I was one of those bitterly opposed to it. I am not opposed to it now. I feel it is a proper move to make. The sooner our herds are cleaned up, the better. We discussed what should be done, and various ideas were expressed. The departmental officials were requested to make a survey to ascertain how much it would cost if an amendment to the act were introduced to raise the compensation to the price mentioned in the act, $60 and $150, instead of two-thirds of that amount. The survey was made and we were told what the cost would be.

During that period of time, the federation of agriculture sent a deputation to Ottawa to interview the minister and departmental officials about raising the compensation. They did not come alone. They got in touch with the surrounding counties of Middlesex, Oxford, Elgin, Lambton, Kent, Perth and Huron; and on March 15 representatives came from all those counties I have just mentioned, except Oxford. Oxford did not send a representative down on that occasion. But the other men came down. Before they came, they had discussed this matter with me or our own men of Middlesex county; and they appointed two men to come down. These were level-headed young chaps who were interested in this T.B. testing, for they both had had their own herds tested and had lost quite a few cattle by it. They came down and interviewed the minister and myself with respect to this matter.

What the hon. member for Middlesex East (Mr. White) has read is the brief that they handed to the Minister of Agriculture (Mr. Gardiner) on that occasion. The minister had discussed this matter at length with myself and with the officials. We had come to an agreement on it. I will take part of the responsibility for that. We felt that the best plan to follow was to pay the full price for the T.B. reactors that went to the tanks and leave the compensation what it was; that was $100 and $40. I am taking the actual amounts. I am not taking the two-thirds that is being paid. You understand that the amount was set at $60 for grades and $150 for purebreds; but we paid only two-thirds of that amount. We felt it was better to leave that amount of compensation at $40 for grade cattle and $100 for purebred cattle and to raise the amount that was paid for the T.B. reactors that went to the tank.

To the representatives of the federation who came to us on that occasion we told what we intended to do. I can tell you this, Mr. Speaker. The representatives of all those counties did not raise a dissenting voice. They said they were heartily in favour of the action we were taking. There was not much said. They asked that it be retroactive, but not much was said with respect to how far back it would go. But they went away perfectly satisfied. As I said before, I was sitting right there in the room and I did not hear one dissenting voice raised from among them.

Then we went ahead and prepared a bill in the early part of March, and our officials determined the amount of money that it would cost the dominion treasury if we followed out the policy that we had inaugurated; that was, leaving the compensation the way it was, $40 and $100, and paying the full cost of the T.B. reactors that went to the tank.

They came back with a bill prepared, and giving us the cost to the dominion treasury, saying that that act would go into effect on the first day of April of this year. You know full well that I would oppose that suggestion most strenuously. I felt that was unfair to the numerous counties and sections of the country across Canada. If we brought that bill into effect on the first of April, those that were tested before the first of April would not benefit by it, but only those that were tested after the first of April. We asked that they endeavour to make it retroactive to the time we struck upon, April 1, 1947, which was a time when we felt there was quite a bit of T.B. testing done after the war.

They then had to scrap that bill, and go ahead and make a survey of what it was going to cost to make it retroactive. You understand, Mr. Speaker, as does the house, that that would take a good deal of time. But nevertheless our officials went ahead and prepared that bill. They went ahead and told us approximately how much it was going to cost and how much money we would have to ask the dominion treasury for. As you know, our minister was in the west in the

latter part of April, and on April 29 that bill was handed to me. As you know, we dissolved on the next day. I had the bill in my pocket when the question was asked by the then member for Oxford and the then member for Bruce, when they rose in their seats across the floor of the house and asked the question that has just been read from *Hansard* of April 29. I made the answer that the compensation would be raised. I was sincere in that answer. I was not asked to give an explanation of it. I only said what I knew was going to take place. The hon. member for Bruce put the question to me. It will be found in *Hansard* of that date. I do not need to look it up; I have it here on my desk. He asked me if that would be made retroactive to the fall of 1947 and my answer was that when the bill was brought down it would be satisfactory to the good people of Bruce on that occasion; for I knew that they had not started in testing before the first of April, 1947.

That was the condition up to that date. Of course, I felt worried about this bill. I was keenly interested in it because the farmers of Canada were interested in it; and anything that is of interest to the farmers of Canada, Mr. Speaker, is of interest to me.

As I felt that the house was going to dissolve the next day and that we were going to go to the country, and as I felt keenly about that bill, I went to the Prime Minister (Mr. St. Laurent) and asked him if there would be a chance for me to introduce it before the house dissolved. He said that there would not, but that he would give me his word that if we were returned to power he would see to it that the bill was introduced at the first session after the election. I made that answer across the floor of the house, and you know the answer that came back, Mr. Speaker. I was hooted for that statement; for hon. members opposite felt that neither the Prime Minister nor I would have the opportunity of introducing any bill after the election. But you know what took place on June 27.

That was the condition up to that time. I will say this, Mr. Speaker. That question was made a political football all during the election campaign. I have some of the advertisements of my worthy opponents at that time, and I know what they said. It has been stated that outside the house, with respect to this matter, I had made statements that were not true and not in accordance with the facts. I can read numerous reports, but I will read one which is from the London *Free Press* of May 7, when I was speaking in Seaforth at the convention that chose the present member for Huron-Perth, Mr. McLean. I was speaking at that convention. Here is my statement then. This was taken from the London *Free Press* of May 7:

> There had been some criticism, said Mr. McCubbin, that the compensation paid for T.B. reactors that went to the tank was insufficient. The Prime Minister had promised that if his government was returned that the cattle producers would get full value as if the animal had gone for beef.

That is exactly my statement on that occasion. I will take another statement that I made, addressing my own nomination meeting at Strathroy; and if there are any people that I would never fool, they are my own people. I made the same statement to them. I said that, if this government was returned, a bill would be introduced with respect to compensation for T.B. reactors, and that I would see that the full cost would be paid for the T.B. reactors that went to the tank. I made that quite clear. On every occasion on which I spoke at that time I mentioned T.B. reactors that went to the tank. Nevertheless, you know what took place.

Here are some of the advertisements of my opponents. Here is the picture of my friend the leader of the opposition (Mr. Drew), and here is a whole page with respect to T.B. reactors, and with respect to what I said on that occasion. This advertisement appears in *The Ledger* of London, Ontario, and contains these words:

> The parliamentary assistant to the Minister of Agriculture sought to whitewash this deliberate refusal to rule upon a matter so important to you, by promising to do better in the future.

What I have promised, I have just told you. In all the addresses I made in western Ontario I promised that the full beef prices would be paid for the T.B. reactors that went to the tank. I felt—and I have not changed my mind—that the fairest way to deal with this matter was as follows. The farmer has a cow, a heifer or a steer. The animal is sent to the abattoir and killed. He should get the beef value of that animal. The farmer needs to be careful with this. We know the farmers are shrewd and careful. If they send the beast to the abattoir they will get the full beef value. If the beast is infected and goes to the tank they get only the hide value. If it is not infected they will get the full beef value.

I know what the farmers in my district are receiving for these cattle that are sent to the abattoirs. These are not tankers. They get the beef value plus $38 or $40. They are well satisfied with this price. The farmer who has a T.B. reactor which goes to the tank is not satisfied now and has not been satisfied. He receives only the price of the hide, which is $6 or $8 or whatever it happens to be, plus $38 or $40. If that farmer

should receive the full beef price for the T.B. reactor I can tell the house that he would be satisfied. In my contacts with the farmers of western Ontario I have never heard one say that he was not satisfied.

The hon. member for Brant-Wentworth (Mr. Charlton) made the statement that he has not heard anyone who complained about the T.B. reactors that went to the tank. That has not been my experience. That is the man who has kicked very strongly. Hon. members will say to me: Why are you doing this? What precedent have you for this? I can tell them that there is no country in the world—and I am taking in the whole wide world—that does as much for T.B. reactors as Canada does. Take the United States. Hon. members understand the set-up there. The veterinary and a valuator come in and value the beef. Take a cow. The cow is worth $200. That is the valuation the valuator places upon it. He sends the T.B. reactor to the abattoir as a farmer in Canada would do. Say he receives $150 for the beef in that cow. Then he is paid one-third of the difference between the beef price and the valuator's price. That would be one-third of $50. Hon. members can figure that out for themselves. It will be $15 or $16. Hon. members may ask me, What about the T.B. reactor that goes to the tank? It is not worth anything as beef. The same thing takes place there. The valuation placed upon that cow or beef may be $200. He would receive $10 for the hide, and he would receive one-third of $190. Hon. members can figure that out for themselves. As a matter of fact it is $62 or $63. That is the amount of money that he would receive.

The over-all picture in the United States is as follows: The average amount that the federal Department of Agriculture pays across the whole country does not exceed $25 per head. I claim that we in Canada are doing the thing that is fairest to all the farmers, and that is the only way to act with them. I know that there will be the individual case as was mentioned by the hon. member for Peel (Mr. Graydon). I shall answer that when we get into committee. I feel that we are doing the fair thing by the farmers of Canada, and that is what we should do. If there is any class of people in this country who should receive due and honest consideration it is the farmers.

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

On section 1—*Compensation to owners.*

Mr. Charlton: Was the brief presented by the delegation from western Ontario the only brief considered at that time? Was the brief sent in by the Canadian Federation of Agriculture not considered at all? I have read both of these briefs. I do know that they asked for an increase in the compensation to be paid. They did not simply ask that the compensation and beef price be paid for tankers.

Mr. McCubbin: The brief which I hold in my hand and which was read to the house by the hon. member for Middlesex East—

Mr. Charlton: That is not the one I mean. I refer to the brief of the Canadian Federation of Agriculture.

Mr. McCubbin: I have no copy of that brief.

Mr. Charlton: The parliamentary assistant knows nothing of the brief presented by the Canadian Federation of Agriculture?

Mr. McCubbin: All I know about the brief of the Canadian Federation of Agriculture is that they said they were not satisfied with the compensation that the producers were receiving, and that came from our own district of western Ontario. What they said is contained in better form in the brief that was presented and read to the house by the hon. member for Middlesex East. The thing that they dwelt on in that brief is the thing that we are doing.

Mr. Charlton: I realize the thing they dwelt on in the brief, but what we are asking for now is an increase in the compensation to be paid. They may have emphasized the fact that they wanted the beef price for the reactors that go to the tank. I can understand that, if the minister stated bluntly to the delegation when they were in his office what he was prepared to do, the delegation would think there was no use fighting with him. Probably for that reason they did not say that they were not satisfied. Perhaps the minister told them what he intended to do, and they took for granted that that was as far as the thing would go.

The parliamentary assistant mentioned the testing in the United States. I should like to point out to him that the test that is being done now in Canada was completed many years ago in the United States. They are not taking the considerable losses over there at the present time that the farmers are here, because the test was done some years ago. What they are cleaning up now in that country is just the odd reactor. It does not mean a terrific loss to any one breeder. In this

country the loss is considerable especially, as I said before, in a herd of purebred cattle that has been bred up over a period of twenty-five or thirty years, probably two generations. The value a farmer places on a purebred herd of cattle today is probably two or three times more than he can possibly get as compensation. He is the man who is taking the terrific loss. The test is being done for the first time. In many cases the test was promised as far back as 1938 and 1939 when the price of cattle was much lower than it is today. The test was not continued during the war. During the intervening years between then and the time the test was conducted the price of cattle more than doubled, and yet the farmers are asked to bear that burden themselves. I know, Mr. Chairman, that the parliamentary assistant to the minister is being very—

Mr. Weir: Sympathetic is the word you want.

Mr. Charlton: No, not sympathetic. He is being very—

Mr. Harris (Grey-Bruce): It is hard to say, isn't it?

Mr. Charlton: —very good to himself, probably, in thinking that these people are satisfied. I can tell him that they are not satisfied. I am sure he is kidding himself and the people when he says that they are going to be satisfied, because they certainly are not.

Mr. White (Hastings-Peterborough): Are any payments received under this bill regarded as income for income tax purposes?

Mr. McCubbin: Yes. Any moneys received from the sale of cattle, or compensation of this kind, would certainly be considered income.

Mr. White (Hastings-Peterborough): Where a farmer receives a total of $150 and the animal is worth $250, is any consideration given so far as income tax is concerned? He has already lost $100.

Mr. McCubbin: The hon. member will have to ask the Minister of National Revenue that question.

Mr. White (Hastings-Peterborough): He is not a farmer.

Mr. McCubbin: As I know farmers, if a farmer receives $150 as compensation it will be shown as income, so far as income tax is concerned. But most farmers will not stop there. They will go out and buy another beast for $175 or $200.

Mr. Charlton: Where can a farmer buy one for that?

[Mr. Charlton.]

Mr. Cardiff: If he receives only $150 for the beef on the test, he would certainly pay $250 for one as good. There is no question about that.

Mr. Charlton: How is the beef price established for the tanker cattle?

Mr. McCubbin: The hon. member is referring to section 1, is he?

Mr. Charlton: That is section 1.

Mr. McCubbin: No, that is section 3.

Mr. Charlton: It is paragraph (b) of section 1.

Mr. McCubbin: If I can either read or write, when my hon. friend asks how we are going to set the price the farmer is going to receive for these cattle, he is referring to section 3, and certainly not to any other section, because in no other section does the $40 arise.

Mr. Charlton: I can read, all right, and I find that paragraph (b) states—

> In the case of cattle, one hundred dollars for pure-bred animals and forty dollars for grade animals, and if the sale of the carcass is unlawful an additional amount for pure-bred and grade animals equal to the value the carcass would have if the sale were lawful, such value to be determined by the minister or by some person appointed by him for that purpose.

Mr. Cardiff: It is in black and white.

Mr. McCubbin: Well, it does not make much difference; it can be answered here as well as anywhere. But I would say that should come under section 3.

Mr. Charlton: Section 3 is the retroactive part of it.

Mr. McCubbin: That is what we are worrying about.

Mr. Charlton: I am not.

Mr. McCubbin: We do not need to worry about what is going to take place from here on; it is from here back that the trouble arises.

Mr. Graydon: Back to 1943?

Mr. Charlton: The parliamentary assistant is not worried, but I am worried about what will happen from here on.

Mr. McCubbin: After this bill goes through —and I hope it will—a farmer in Brant county may send two cows to Hamilton, or Toronto, or wherever they may happen to go. He knows the cow that goes in there is a good cow and he can get 13 or 14 cents for it on the hoof, or from 28 to 29 dressed. That is the one cow. Then, another cow goes to the tank, one which looks just the same. He will receive that same price of 13 or 14 cents for the animal, as if it had been sold for beef.

Mr. Smith (Calgary West): One cow weighs 300 pounds more than the other.

Mr. McCubbin: It is on the weight of the beef. After all, two cows go to the slaughter house, and they are both weighed there. One goes to the tank and the other goes for beef. He will be paid the average price of that day on that cow that goes to the tank.

Mr. Cardiff: What I object to is the fact that these cows that go down are not beef cows. They are cows which have been producing milk for some time, and have very little beef on them.

An hon. Member: Some of them have.

Mr. Cardiff: But not many of them. If they were any good when milking, they have not much beef on them. I know something about beef and dairy cows. If they were beef cattle it would not be so bad; but cows which have been milking do not weigh very much when they go down on test. That is where these people lose out on their cows—because they do not weigh much.

Mr. McCubbin: A statement I have here indicates that canners and cutters are from $10 to $11.75—let us say it would be 11 cents a pound, if she is a canner or a cutter. One can figure out what he would get for her—plus the $40.

Mr. Charlton: Is the minister going to say they are going to pay the full amount stated here in the bill? Will they pay the full amount of $40 for grade animals, for instance?

Mr. McCubbin: Yes, approximately—$38 to $40.

Mr. Charlton: "Approximately"—yes. I will point out to the parliamentary assistant that until last year they were paying $38 or $39 for grade cattle. I wonder if $40 is to be set for all types of grade cattle?

Mr. McCubbin: It will be set for most types. One would not get $40, of course, for a calf. But for anything over two years old he would receive $38 or $40. We will admit that prior to six or eight months ago one would not receive that much. But during the last six or seven months he would have received somewhere around $38 or $39.

Mr. White (Middlesex East): I referred earlier to the fact that practically all ministers of agriculture since the time Dr. Tolmie introduced the legislation have seen fit to adjust the payments either upward or downward according to the price of cattle. The price the bill now proposes to set is the price which was invoked when the average in Ontario for cows was $59. Is the government now going to set a precedent which is opposite to what has been done by former ministers of agriculture since the time this type of legislation was introduced? If so, I do not think it is right.

Mr. McCubbin: What the hon. member for Middlesex East has said may be true; but we are dealing now with 1949, and it will not be long until 1950. We have to bring in legislation which fits the time. We feel it is the best legislation for the present. I know in my own district farmers are receiving $175 to $200 for them, plus $40, and that is not a bad price. Some of the dairy cows do not bring that much—but you have obtained a lot of milk from them during the past summer to compensate.

Mr. Charlton: The parliamentary assistant is taking the present price. Is he now saying that the price of cattle is on the down trend and that therefore there is no need to increase the allowance at the present time? Is that the inference?

Mr. Weir: No.

Mr. Charlton: Is the government not considering the question I asked a moment ago regarding compensation at the figures in the old bill? That would be $150 for purebred and $60 for grade animals. Is the government not considering that at all?

Mr. McCubbin: We have considered this from every angle, and we feel that what we offer here is fair to everybody concerned. The farmer may be willing to bear part of the burden, but I do not think he should be asked to bear all of it. If he has a T.B. cow or steer he is willing to bear part of it—but there is no reason why he should bear all of it. We have felt that we have taken the fairest possible action in the bill before us now.

Mr. Charlton: The parliamentary assistant made the statement earlier that they had asked departmental officials for some idea as to what this would cost the department. I should like the parliamentary assistant to let me know what would be the cost under this bill and what would be the cost if the compensation had been increased to $150 for purebreds and $60 for grades? Has he obtained those figures from the departmental officials?

Mr. McCubbin: I have not those figures here, but I will state that the present plan will cost more than the other plan.

Mr. Charlton: I hate to disagree with the parliamentary assistant but I think he is considerably out with his figures. An average of nine per cent of the reacting animals go

to the tank, and if they pay the full beef price for those animals it would cost no more than probably half what it would cost to pay the increased compensation on all types of reactors. Will the parliamentary assistant get me those figures?

Mr. Harkness: I should like to interject a somewhat different note into this discussion. Looking at section 1 it would appear that our old friend the horse, or at least his owner, is going to take a beating. The section to be repealed provided for the payment of $150 for each grade horse and $300 for each purebred, but under the proposed amendment the payments will be at the rate of $100 and $200 respectively, a considerable decrease.

I imagine that the reason that was done is that the ordinary work animal on the farm is fast disappearing and in a few years there will probably be none left except in the isolated areas. Perhaps that is the reason for the reduction in payments. At the present time the grade horse, or even the purebred draft horse, brings a small price in comparison to what was obtained ten, fifteen or twenty years ago. On the other hand, light horses have been increasing in price and as far as I can see the only horse that is going to be bred in this or other countries is the light type of thoroughbred, standard bred and saddle horse.

The number of people who are riding horses has increased in recent years rather than decreased and the demand for good saddle horses is better today than it has been for many years. The type of horse that we sold for $25 to $50 in 1920 in western Canada now brings from $100 to $300. In other words, while the price of draft horses has been coming down, the price of light horses has been going up. Therefore, it would seem to be a mistake to reduce the compensation to be paid for animals destroyed under this act.

I think the parliamentary assistant knows that the thoroughbred or standard bred horse is worth more than it was twenty years ago and is worth even more than the compensation provided in the old section. The same applies to animals which are not registered, such as saddle horses. In order to protect the light horse breeders the compensation provided in the old section should be continued.

Section agreed to.

On section 2—*Repeal.*

Mr. Graydon: I do not like trying to pin the parliamentary assistant down to an answer with respect to this section, but I am afraid he is in for it this time. I have tried to get something from the department but all I have received is a very evasive answer with respect to the two cases I am interested in. Will this bill when passed create a bar or obstacle to the review of the McIntyre and Nova Scotia cases which I brought up before?

Mr. McCubbin: It does not prevent the review of any case and it will not prevent the review of the cases that have been mentioned.

Mr. Charlton: What is the reason for repealing this section which provided the only out the farmer had if there was a mistake by either the inspector or the department?

Mr. McCubbin: We felt that it was not necessary. As I told the hon. member for Peel, the farmer has a right to appeal any case if he wishes.

Mr. Charlton: He may have the right, but does he get redress? Apparently nothing has been done about the two cases mentioned by the hon. member for Peel.

Mr. McCubbin: I should like to ask the hon. member for Peel some questions. He and I will thresh this out between us.

An hon. Member: At the next election.

Mr. McCubbin: The next election is a long way off, four or five years. There are some questions I should like to ask the hon. member and I know he will ask me some, as he has a right to do. However, that will not be done on this occasion.

Mr. White (Middlesex East): How many herds have been paid for under the section that is to be repealed? Can the parliamentary assistant give me that information by provinces?

Mr. McCubbin: I cannot do that.

Mr. White (Middlesex East): Has anything been paid at all?

Mr. McCubbin: If the hon. member wishes that information I shall try to get it for him, but I have not got it here tonight. The hon. member for Oxford asked me how many reactors there had been in his county and how many had gone to the tank. In the period April 1, 1947, to September 30, 1949, there were 13,969 reactors in that county, of which 1,633 went to the tank.

Mr. Cardiff: After a man has had a test he is given so many days in which to clean up; how many days is he given?

Mr. McCubbin: As soon as he can; there is no set day. He is asked to clean up.

Mr. Cardiff: He has an opportunity then of getting another test if he so wishes? If he is not satisfied with the test, has he an opportunity of having them tested by some other veterinarian?

Mr. McCubbin: No; once the government veterinarian comes in and tests the herd the farmer must abide by that.

Mr. Cardiff: I am afraid there are a lot of government veterinarians who are new at the job. I am not saying they are not efficient, but there is a great deal of dissatisfaction with some of them. If a man is not satisfied with the test, I think it is only right and proper that he should have the opportunity of having another veterinarian come in and make another test.

Mr. McCubbin: We would never get anywhere if we did that, but he certainly has a right to ask the head government veterinarian in the district to come. Does your head veterinarian come from Seaforth?

Mr. Cardiff: I think so.

Mr. McCubbin: The farmer has the right to call in the head veterinarian of the district along with the veterinarian who has made the test.

Mr. Ferrie: Provided that the veterinarian does not punch the ear; if he punches the ear then the animal cannot be touched.

Mr. Anderson: I should like to ask the parliamentary assistant a question. Can he tell me how many cattle were tested in this period in the county of Norfolk, how many reactors there were, and how many were sent to the tank?

Mr. McCubbin: I cannot tell the hon. member how many cattle have been tested in Norfolk, but 111 reacted, and seven went to the tank in that period.

Mr. Charlton: On section 3 the parliamentary assistant can answer the question he was going to answer under section 1. Under the retroactive part of the legislation, how are they going to set the price of animals that have gone to the tank from the 31st March, 1947, up till the present time?

Mr. McCubbin: As the bill indicates, power is given to the minister to set a period, and the average price will be taken in that period. It is the intention of the department to take a three-month period. We will go back to April 1, 1947, and take the average price for April, May and June. They will take the average price of steers for that three-month period, the average price of cows, the average price of calves, and so on. That average price will be the price paid for tuberculosis reactors that went to the tank in that period.

Mr. Charlton: Has the department weight slips for every one of these tanker animals?

Mr. McCubbin: No, they have not got them all. I admit that. They will do it as fairly as possible. We know how many went, and we know what type they were, cows, calves or steers. They may not have the exact weights. In some cases they have and in some cases they have not. I admit that it will be a difficult job in some cases going back two years, but we will do the best we can in the interests of the farmers.

Mr. Charlton: As I understand, the department is going to figure out an average price for all animals that went to the tank during that three-month period.

Mr. McCubbin: Taking three months at a time. Do you understand?

Mr. Charlton: Yes, I think I do. They will take a period of three months starting from April 1, 1947, and running through April, May and June. Then they will take another three months following that and will work in three-month periods for the whole time.

Mr. McCubbin: That is right.

Mr. Charlton: It is possible that a calf might get the value of a cow if it is worked out on an average basis that way. It is an average price.

Mr. McCubbin: An average price for calves, cows and steers.

Mr. Cardiff: I should like to ask the parliamentary assistant to explain the last three lines on that page, reading:

> . . . the owners of the slaughtered cattle shall be paid in respect of each carcass, the sale of which was unlawful at the time of slaughter . . .

What does it mean when it says, "unlawful at the time of slaughter"?

Mr. McCubbin: That means that the sale of the beast for human consumption was unlawful.

Mr. Major: Tests are now being carried on in my county, and I understand that from half to two-thirds of the cattle are already tested. Can the parliamentary assistant tell me what percentage is going down?

Mr. McCubbin: In the county of Glengarry it is practically nil. Only nineteen went down in two and a half years and only five went to the tank.

Mr. White (Middlesex East): I am going to ask for leniency because I believe my question is out of order, but in the past where farmers have desired to have herds accredited it has been a requirement that there be ten cattle. The reason it was set at ten was the cost of going out to various places to do this. If it could be so arranged that the farmers of a township desiring to have herds accredited could have them all ready at a certain time, one trip to the township would do the whole thing, and the cost would not be so great. I think ten is too many. There are young farmers with herds of five, and with the present price of cattle I think ten is too many.

Section agreed to.

Bill reported, read the third time and passed.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will go into supply and take up the estimates of the Department of National Defence. If we finish them we will take up the rest of the estimates of the Department of Veterans Affairs. If more time is available, we will take up Bill 133 and Bill 143, two measures of the Department of Trade and Commerce. I am authorized to say that the Secretary of State for External Affairs will be here on the 16th and 17th of November, next Wednesday and Thursday. We shall have to make a formal motion to go into supply in order to take up his estimates on Wednesday. We will not call any new department, hoping that there will not be a long discussion before we get into supply.

Mr. Graydon: I should like to ask the minister one question as to the debate on external affairs. It is the intention of the Secretary of State for External Affairs to come back for two days, the 16th and 17th. I understand that on the second day he intends to present himself for examination before the standing committee on external affairs. The 16th is a Wednesday. Is it the intention of the government to sit for only half a day on Wednesday? If so, there will not be much opportunity for a full-dress debate on external affairs in half a day.

Mr. Fournier (Hull): We will be sitting on Wednesday morning too. If the motion to be moved by the Prime Minister (Mr. St. Laurent) tomorrow carries, we will sit next Wednesday from eleven to one and from three to six, and on the Thursday the estimates of the department would be referred to the standing committee on external affairs.

Mr. Herridge: On a question of privilege, tomorrow—

Mr. Deputy Speaker: The house is now adjourned.

Mr. Drew: No, Mr. Speaker. I should like to deal further with the question of the order of business. I believe it would be of great assistance to the members if an indication could be given as to the definite time when the bill amending the Combines Investigation Act will be brought up. I imagine that will be one of the most important debates of this session.

Mr. Fournier (Hull): Mr. Speaker, on Monday we wish to take up the bill concerning housing; that will be the first order of business on Monday at eleven o'clock. I do not know what time will be spent on that measure, but I see no objection to proceeding with the bill to amend the Combines Investigation Act after the housing bill.

Mr. Drew: On Monday.

Mr. Fournier (Hull): On Monday.

Mr. Herridge: Before the house adjourns I should like to point out that tomorrow is November 11, Remembrance day. It is a day which is very dear to the members of this house who are veterans. I believe it would be particularly fitting if the veteran members of the house were to meet here at 10:45 a.m. and parade to the national war memorial service. I suggest arrangements be made in this respect.

It being five minutes after eleven o'clock, the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Friday, November 11, 1949

The house met at three o'clock.

MISCELLANEOUS PRIVATE BILLS

Third report of standing committee on miscellaneous private bills.—Mr. Winkler.

HOUSE OF COMMONS

MORNING SITTINGS—FURTHER LEGISLATION—CREATION OF THREE NEW DEPARTMENTS

Right Hon. L. S. St. Laurent (Prime Minister) moved:

That on and after Monday, November 14, 1949, until the end of the present session, the house shall meet at 11 o'clock in the morning of each sitting day, and that in addition to the usual intermission at 6 o'clock p.m., there shall be an intermission every day from 1 to 3 o'clock p.m.

He said: The reason for presenting this motion at this time is my understanding that it is the hope of a large number of members of the house that it will be possible to complete the work of this session not later than December 3. Of course no one would wish to slight the consideration that still must be given to the matters that remain to be dealt with. By going on the eight-hour day schedule at this time we feel that it will be possible to give due consideration not only to the matters which are already indicated on the order paper, but to some which are yet to be introduced.

As you will see, Mr. Speaker, there are twenty-three items under government orders at the present time, and some of them have several subdivisions. For instance, there are the estimates, which will provide the occasion for the debate on external affairs which the Minister of Public Works announced it was our hope to initiate next Wednesday. There are the estimates of other departments in which the general item of administration has not yet been considered, and these will give rise to some debate.

In addition to those measures and such others as are on the order paper of the other place, it is the intention of the government to introduce a certain number of additional bills, of which I have a list here.

There will be a bill to amend the Prairie Farm Assistance Act. It is not a substantial amendment; it is designed to clarify and to make more readily workable certain of the provisions of the act. There will be a bill to fix the duration of the Agricultural Prices Support Act, and another to fix the duration of the Fisheries Prices Support Act. A bill will be introduced to amend the Customs Tariff Act, in certain minor particulars having to do with articles which under the tariff are now prohibited entry. There will be a bill to amend the Industrial Development Bank Act, to enlarge the proportion of the available funds that can be used in what are classified under the act as the larger loans. Certain minor amendments are required to the Dominion-Provincial Tax Rental Agreements Act to conform with the legislation and practices of certain of the provinces.

The Department of Trade and Commerce will have a bill to amend the Emergency Exchange Conservation Act, and also a bill to provide assistance in the production of coal in the maritime region of Canada. The Department of Transport will have a bill to increase the amount of stores that may be kept as a bank to supply the requirements of the services. The present act has a limitation that is found to be insufficient to allow the department to have a bank of stores necessary for convenient administration.

There is also to be a bill dealing with the encouragement of construction of Canadian vessels. That will be brought down at an early day.

In addition to these, there will come from the Senate, or at least it is hoped that there will, the consolidated national defence act, which is now under consideration in that house; a bill to amend the Customs Act, and a bill to amend the Surplus Crown Assets Act, clarifying the procedure for the disposal of surplus property of the various departments of government. These bills are being introduced in the Senate, probably at its next sitting.

Hon. members will recall that the speech from the throne refers to a bill to provide for the continuance of functions now vested in the Department of Reconstruction and Supply. After careful consideration it is proposed to introduce, before the end of the session, legislation to provide for the redistribution of the functions of the Department of Reconstruction and Supply and the Department of Mines and Resources among three new departments, to come into effect upon proclamation. The departments are to be known respectively as the Department

of Mines and Technical Surveys, the Department of Resources and Development, and the Department of Citizenship and Immigration; under the latter will be placed the administration of Indian affairs. Though this is really one subject three bills will be required, and a consequential amendment to the Salaries Act.

Within the next few days the Minister of Finance expects to make in the house the statement which he promised to make before the end of the session, in regard to the government's policy as to crown property in the municipalities. Consequential upon that statement, which will require for its implementation legislation that it is intended to introduce not this session but early in the next session, some legislation may be required, probably in the form of an additional supplementary estimate, to bridge over the period until the permanent legislation is enacted.

I would not like hon. members to feel that we were definitely committing ourselves that there will be nothing else. Nothing else is now foreseen, but additional legislation may be required because of unforeseen developments between now and the end of the session. But hon. members will realize that this is still quite an important program, particularly when added to the program we have before us on the order paper. If it is felt that the public interest is being properly served by our proceeding at the pace we have adopted since the beginning of the session, there will be opportunity for full and serious consideration of all these matters. But it would not be possible, or certainly not as easy, to feel that satisfaction about it if we did not add these two additional hours to each day's sitting between Monday and the time at which it is hoped prorogation can take place.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, in view of the very natural desire to bring the second session of 1949 to an end at a reasonably early day, I think that there will be concurrence in every part of the house in the proposal to extend the hours of sitting. The possibility of achieving that result will depend very largely on the extent to which there is an indication in advance of the order of business for the day, so that the business can be considered with a knowledge of when the subjects under review will come up for discussion.

As an indication of the way in which business can be expedited, may I point out that a question was asked last night as to when we would be dealing with the amendments to the Combines Investigation Act. The minister who was then speaking on behalf of the government indicated that the measure might be expected to come up on Monday, after we had dealt with the bill on housing. I believe the business of the house would be greatly facilitated if bills, which are to be the subject of major debate were called first on a particular day.

Every hon. member will recognize that a number of the bills we shall have to consider will not call for extended debate, but there can be no doubt that there is to be a major debate on the amendments to the Combines Investigation Act, because of the implications that the presentation of such amendments now carries in this house. Therefore I suggest that the amendments to the Combines Investigation Act be called as the first bill on Tuesday, with other bills following. This would give the house an opportunity to consider carefully and fully on Monday the housing act, without any uncertainty as to when this other important bill will come up for consideration.

I do not intend to enlarge upon any recent events in connection with the Combines Investigation Act, but I do say that the orderly conduct of the business of this house depends upon a reasonable knowledge of when major debates are to take place. I gather from the indication given that the government would agree with this suggestion. I assure the Prime Minister that we shall be pleased to co-operate in every way we can, but we feel sure it would expedite the handling of the business of the house if resolutions or bills which obviously will be the subject of major debate are brought up at times that are known to hon. members. Not only the members of the government, but other hon. members as well, have calls upon their time that they would like to be able to adjust so that they may be present when these matters come up.

In supporting the motion I leave this suggestion with the government, and hope it may be agreed to.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I think all hon. members agree with the leader of the opposition (Mr. Drew) that the motion now before us should be supported by the house. The Prime Minister (Mr. St. Laurent) has outlined a very heavy program. There are twenty-three items already on the order paper, and some seventeen or eighteen more have been mentioned by the Prime Minister. If we sat tomorrow and the target were December 3, we would have only twenty sitting days for all the legislation we have ahead of us. Consequently I find it difficult to believe that the house will be able to prorogue on December 3.

With regard to the business of the house, I think what the leader of the opposition has said is something the house can support.

I was sorry to hear him suggest that the debate on the Combines Investigation Act might begin on Tuesday. I did not raise any objection to the order of business for Wednesday and Thursday of next week, when the Secretary of State for External Affairs (Mr. Pearson) will be here. Unfortunately, however, a number of members on both sides of the house who are interested in external affairs are on the atomic energy committee, and, as is known, under present arrangements we shall be in Chalk River on Tuesday and Wednesday.

I have been particularly interested in the Combines Investigation Act, and I was hoping the bill containing the proposed amendments would be debated at a time when I would be able to participate in the discussion. I do not usually ask that special consideration be given to any hon. member, but since we are not able to be here I had hoped that, if there was a choice between Monday and Tuesday for the Combines Investigation Act amendment bill, it would be taken on Monday rather than Tuesday, if that would suit the convenience of the leader of the opposition.

Otherwise the suggestion that we sit in the mornings—and I presume Saturdays will soon be included—is acceptable to us.

Mr. Drew: Mr. Speaker, may I say that in the suggestion I made I was not indicating any preference as between Monday and Tuesday. What I was emphasizing was the desirability of having bills or resolutions calling for major debates taken up first on a particular day. Either day would be equally suitable.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, the government will be happy to consider the suggestion that if possible the first order of business on a particular day be the initiation of the debate on any of these matters which appear to be likely to take some time. Hon. members may then know, for instance, that at eleven o'clock on Monday we propose to commence consideration of the bill dealing with housing. The debate may or may not require a considerable time. Perhaps it would make for greater certainty if we said right away that, whatever happens on Monday, at eleven o'clock on Tuesday we shall begin consideration of the Combines Investigation Act amendments.

An hon. Member: No.

Mr. St. Laurent: Did I understand the hon. member for Rosetown-Biggar to say he would be away on Tuesday?

Mr. Coldwell: Tuesday and Wednesday some of us will be at Chalk River; and the leader of the opposition has said he has no preference.

Mr. St. Laurent: The minister in charge of the bill with respect to housing is quite prepared to have consideration of the Combines Investigation Act amendment bill begun on Monday morning at eleven o'clock, and he would hope, if that debate is concluded in the course of the day, to proceed with housing; if it is not concluded, he would proceed with housing on Tuesday at eleven o'clock.

Hon. members have already been informed that the first order of business on Wednesday will be a motion to go into committee of supply for the purpose of initiating debate on external affairs. We will endeavour on the following day to fix as the first order of business some one of the measures which is apt to give rise to longer than average debate. We would hope that we would not be tied down too closely with respect to the matters taken up following a main debate, and that hon. members would be prepared to debate second readings of bills having to do with matters which are not regarded as likely to cause prolonged debate, and which may be taken most conveniently at an hour when a main debate comes to an end.

I am quite sure we can count on the good will of hon. members to see to it that in this way we may best use the eight hours of sitting each day.

Motion agreed to.

COMBINES INVESTIGATION ACT

INQUIRY AS TO PROSECUTIONS

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, in view of the fact that the Combines Investigation Act will be discussed on Monday, I should like to direct a question to the Minister of Justice, arising out of the statement made by the Prime Minister (Mr. St. Laurent) the other night that the period of limitation under that act would be two years.

Mr. St. Laurent: I gave that as my opinion.

Mr. Diefenbaker: Yes, based upon the legal authority of a case on which the right hon. gentleman had acted. The last alleged offence reported in the McGregor report was September 17, 1947. My question is this: Has any information been laid against any of the companies named in the McGregor report? If not, is it not a fact that by reason of withholding the report no action now lies?

Mr. Speaker: I do not think that is a question which can be asked on the orders of the day.

Mr. Diefenbaker: Possibly I might ask one question: Have any proceedings been instituted?

Hon. Stuart S. Garson (Minister of Justice): The answer is no.

CORRESPONDENCE WITH RESPECT TO PRICE FIXING AGREEMENTS

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, in view of the fact that the Combines Investigation Act is to be discussed on Monday, may I draw the attention of the Minister of Justice to two notices of motions which I placed on *Votes and Proceedings* today? If when they are reached on Monday the information could be brought down, it would be appreciated.

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, both these motions involve the compilation of a large number of documents, some of which have been gathered together. Others, however, are from other departments and will have to go through the Department of the Secretary of State. We will endeavour to have them ready for tabling on Monday, although in that connection I cannot make any promise.

SUPPLY

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

DEPARTMENT OF NATIONAL DEFENCE

General services—
239. Grants to military associations, institutes and others, as detailed in the estimates, $227,150.

Hon. Brooke Claxton (Minister of National Defence): Mr. Chairman, hon. members will have it in mind that today is Remembrance day, the thirty-first anniversary of the armistice which ended the great war of 1914-18. Today we remember reverently the service and the sacrifice of the men and women who gave their lives in the defence of their country and their freedom. The Memorial chamber in the peace tower lists their names and tells the story beginning with this inscription on the walls:

> Read how free men throughout this land kept faith in the hour of trial and in the day of battle, remembering the traditions they had been taught, counting life nothing without liberty.

Today we are reminded of the events that led up to the second world war, and of the effort in lives and money and materials that was needed before we could win the victory and continue free. We learned again that eternal vigilance is the price of freedom. Unfortunately the hope for peace and security with which we ended the second world war has not been fulfilled. The Soviet union has turned its back on the co-operation that helped to bring victory against the axis powers. Instead of world partnership for peace, in which all nations could work constructively to improve human relations and conditions, we have a limited partnership with the non-aggressive half of a divided world, and are forced to devote much of our energy to the negative but necessary task of preventing war.

While circumstances force us to take greater measures than we have ever taken before in peacetime in order to make our contribution toward the means of preventing an outbreak of war, we must remember that we have further objectives. We have no warlike intentions. Our objectives are peace and conditions of security in which we can work for the better life we know is possible, both for ourselves and for other nations. We seek the security of all, and of the good that this condition can bring. As a means to this end we must do our utmost to prevent war. Our defence activities are a means to prevent war. They are an essential means necessary to our preservation as a nation.

The ceremony that took place today and our thoughts at this time will strengthen us in the conviction that those we remember at this moment were right to "count life nothing without liberty", and that we are right in doing whatever is necessary to guard what they preserved.

To assist in understanding our defence needs, and to save the time of the house which an extended statement would take, I caused to be prepared and made available a statement on our national defence which I now table. This statement is intended to give:

(1) An account of the present international situation;

(2) An appreciation of the defence needs of Canada;

(3) An analysis of the department's estimates, and

(4) An account of the various aspects of the work of the department and services.

This should be read in conjunction with the annual report of the department for the year ended March 31, 1949. The annual report is in a new form, giving a much fuller account of activities. Usually it is made available only in February, at the commencement of each session, which means it is almost a year in arrears; but this year we tried to have it available at the commencement of this session, and it was tabled on October 19, some four months earlier than usual. This material is

presented and made available to hon. members because of the importance of national defence.

The international situation makes defence a matter of major government policy. The estimate of $375 million, taken with the supplementary of $8 million, means that we are now spending on defence 16·4 per cent of the national budget, or $28.37 for each man, woman and child in Canada. At present exchange rates, this is considerably less per capita than is being spent in the United States or the United Kingdom, but it is more than is being spent by any other country in the British commonwealth except the United Kingdom, or by any party to the North Atlantic treaty except the United States, the United Kingdom and The Netherlands, all of which have world-wide or extensive colonial interests. The sum now sought represents what the government believes to be the right amount to be spent on defence by Canada in the present fiscal year.

The statement which has been issued deals at some length with the international situation, upon which our defence policy is based. This may be summarized as follows:

1. The only possible aggressor is the Soviet union.

2. Any war would be a world war involving all western peoples who would be fighting for their survival as nations and their freedom as men.

3. The best way to prevent such a war is to confront the forces of communism with such strength as to deter them from attack.

4. To provide such strength requires the co-operative efforts of the western nations, including the United States and Canada.

5. Consequently Canada welcomed the North Atlantic treaty as supplementing the United Nations, and, pending the strengthening of the United Nations, as an organization for world-wide security.

6. Since an attack on Canada could only be made by air or by sea, emphasis must be placed on defence forces; by air—radar stations and communications, backed by interceptors and a relatively small mobile brigade group; by sea—anti-submarine and anti-mine vessels for protection of shipping and coastal waters.

7. The best place to defeat the enemy is as far away from Canada as possible, and our forces should also serve as the nucleus for the development of our maximum potential.

In the statement you will see an explanation of the considerations which must enter into the preparation of any defence budget. There is also an indication of the costs of some of the equipment used by modern defence forces. I think hon. members will be astonished at the cost of some of the equipment which is mentioned on page 19 of the report. For instance, a Packet transport aircraft of the C-119 type would cost well over half a million dollars. A 5-25 anti-aircraft gun, equipped and installed, would cost in the neighbourhood of $600,000. An anti-submarine vessel of the type of which we have three now on order in Canada would cost $8 million. An airfield equipped with the necessary runways and construction to be used by interceptors would cost from $15 million to $20 million.

As the report emphasizes, the dollar spent on defence is just like every other dollar. It is not rubber; it cannot be stretched. If, as we can show, the amount of some $383 million is needed to meet the requirements of our defence forces this year, then it is perfectly obvious that we can only increase the size of the forces, the equipment or the amount of construction by taking more of the national budget. Planning defences in this country, as in every other country, becomes inevitably a question of assessment of risks and appraisal of priorities.

At the present time more than half of the defence appropriation is spent on personnel—officers, men and civilians—for pay, allowances, pensions, food, clothing, services, and other payments that vary directly with the size of the forces. This amount is as large as it is for two reasons. In the first place, we have tried to create conditions of service which would attract Canadians of ability and character as well as good physique. As to conditions of service, I am sure you will be glad to hear that Canada stands second only to the United States. There the new pay schedules are higher than ours, but other conditions, including pensions, clothing, food, and married quarters, are generally comparable to those in the United States.

The large proportion of the defence expenditure applicable to personnel reflects also the number of men in the armed forces. We have 45,000 in the active forces, another 45,000 in the reserve forces, and 24,000 civilians principally working in dockyards and shops at prevailing rates, making altogether a total of 114,000, of whom 69,000 are employed full time. This makes the department the largest in point of numbers in the government service, and it has, I am led to believe, the widest ramification and the greatest variety of problems.

In the statement and annual report there is a summary of recruiting results, giving figures of enlistments and discharges, and showing the net gain against the establishments fixed for each of the services. During the twelve months ending with September we have taken a total of 12,267 into the active forces, with 4,006 releases, making a

net increase of 8,261, or 688 per month. At the present time the navy is up to strength in other ranks, and at the present rates it is estimated that the present ceilings for the army will be reached by September, 1950, and for the air force by December of the same year.

What is most satisfactory is that the rates of release are considerably less than estimated, and that on the termination of the first three years' engagement in the army more than ninety-seven per cent of men are re-engaging, and the three per cent who are not re-engaged includes a number who are released as not considered suitable.

During the same period we have taken in 1,523 with the reserve navy, making a net increase of 610. The twenty-one naval reserve divisions have a total strength of 3,468, and the ten air force auxiliary squadrons have a strength of 3,086, which is regarded as making satisfactory progress. The army reserve has a total strength of 38,572, and I feel that a desirable immediate target would be another 10,000. In addition there are 936 in the university naval training division, 2,619 in the university corps of the Canadian officers' training corps, and 679 in the air force university plans, as well as 282 at the Canadian service colleges. We are continuing campaigns to maintain the flow of recruits.

During this period there has been continuous progress in training with active and reserve forces, with emphasis on the training of officers, noncommissioned officers and tradesmen. There are now four plans in effect for the training of officers, with over 5,000 young men taking qualifying courses, a larger number in proportion to population than I believe will be found training to such standards in any other part of the world. We are obtaining good results form the service colleges, university plans, and the local command contingent arrangements. Further developments and changes will be made to meet needs as they arise. Consideration is being given to changing arrangements for the training of executive officers for the navy.

One of the greatest shortages in meeting an emergency would be skilled tradesmen, large numbers of whom are required in modern forces. Fortunately the ordinary young Canadian, whether he be bred on the farm or in the towns or cities, has great aptitude for work of this type. However, we are adopting various means of increasing trades training in the active and reserve forces, and also have developed an interesting plan for training cadets from vocational schools. We have been discussing with representatives of industry ways and means of adding to the numbers of men skilled in all essential trades.

The services today are large-scale educational institutions, running the gamut from post-graduate schools, such as the national defence college for senior officers and civilian officials, to nursery schools operated co-operatively by service personnel at isolated centres. The navy is operating specialist schools on both coasts in a total of twelve branches. The army has schools for each of the fourteen corps at nine different camps. The R.C.A.F. has eight schools at six different stations. We operate sixteen schools for over 2,000 children of service personnel at isolated centres. This year a total of over 1,200 senior officers are taking courses at command schools. Every active and reserve unit and camp has a number of classes.

In all this, as in everything else, there is close co-operation with the United States and with the United Kingdom. Indeed, our relations are closer than ever before—closer I believe than have ever existed between the forces of any other countries.

The figures before you will show that in 1948-49 a total of $145 million was spent on supplies, equipment, construction and the like, covered by over 65,000 contracts placed through Canadian Commercial Corporation. Major items of equipment purchased include aircraft, ships, electronic and electrical instruments, motor vehicles and construction. Let me say a word about each of these main items.

Aircraft: Good progress is being made with the development of the Canadian-designed XC-100 aircraft, which will be test-flown this year. The development of this aircraft was commenced in 1946, and in each of the last two years we have put in two years of work, which has enabled it to be brought to this stage of development several years sooner than is usually the case in the peacetime development of a new type. The aircraft was entirely designed in Canada to suit Canadian conditions, and if it flies according to its planned characteristics it will be a very useful jet aircraft. Under licence from the United States manufacturer we have placed an order for one hundred F-86 planes, to be manufactured by Canadair Limited. We are continuing to overhaul and modify other aircraft. During 1948-49 we spent $22 million on aircraft. This year I expect the figure will be $45 million.

Ships: The next largest single item in our planned program of development is ships for the navy, largely related to antisubmarine work. We have placed orders for a transport

icebreaker, three new high speed anti-submarine vessels largely of Canadian design, four minesweepers, and a gate vessel, costing about $40 million.

Electronic and electrical equipment: All three services use large quantities of radar and other electronic and electrical equipment. We have a large scale program of production of the most modern and high-powered equipment by Canadian firms. The amount provided for electronic and communications equipment in this year's estimates is $19 million.

Motor vehicles: In the modern army there is one motor vehicle for every four men. The three services today have in use or in reserve in the neighbourhood of 20,000 personnel and load carrying vehicles. Many of these require replacement, and all require care and maintenance. For this purpose we are spending this year some $10 million.

Construction and maintenance of buildings: The largest single item on the material side of the activities of the services is for the construction and maintenance of buildings. Every building we have in good condition is being used, and we have under way a large-scale building program of married quarters. At the beginning of 1947 we had 1,100. When this year's construction program is completed we should have over 7,300, representing a very substantial contribution toward meeting the housing shortage. This year Central Mortgage and Housing Corporation is constructing a large number of dwellings earmarked for the use of service personnel. Altogether this year there has been allocated for construction and maintenance of buildings for defence purposes in these estimates and by Central Mortgage and Housing Corporation a total of $91 million, comparing with the peak figure on defence construction for 1942 of $219 million.

These figures are supplemented in the annual report and the statement, which have been made available. It occurred to me that in a brief enumeration I could best put before hon. members some of the other matters which may be of interest either by way of report or of program, and after doing this I shall be glad to answer any questions I can. By way of concise report, during the period under review I may mention that—

1. The ration scale has been improved as to quantity and variety, and also provides for supplementary cash payments in certain cases, thus bringing our ration scale up to anything there is anywhere.

2. Clothing has been greatly improved, both as to quantity and quality, as far as possible on a uniform basis for all three services.

3. We have made continued progress in the erection of married quarters, and commenced the construction of new barrack accommodation for single men.

4. A shipbuilding program has been set under way with an Arctic icebreaker and development orders for three new design antisubmarine vessels, four minesweepers and a gate vessel.

5. We have pressed on with continued progress on the all-weather fighter, the order for 100 F-86's, the modernization and overhaul of other planes; opened three new air force establishments, including interceptor squadrons at St. Hubert and Chatham, and the navigation school at Summerside.

6. We have a large electronic program.

7. We have reopened Royal Military College and established Royal Roads on a tri-service basis.

8. There has been an increased program of sea training for active and reserve naval forces, the first visit by Canadian naval vessels to Hudson bay, as well as the reactivation of H.M.C.S. *Cornwallis* for training new entries.

9. The training of the army brigade group has been pressed on, with extra attention to airborne and Arctic fighting and further improvements in summer and winter training arrangements.

10. The period under review has seen the continued development of co-operative arrangements with the United Kingdom and the United States, highlighted by the visits of the late Hon. James Forrestal and Hon. Louis Johnson, Secretary of Defence of the United States, Right Hon. Arthur Henderson, Secretary of State for Air of the United Kingdom, and numerous other distinguished visitors, and return visits by myself to Washington, with frequent exchanges of officers at every level.

11. Major General F. F. Worthington was appointed co-ordinator of civil defence.

12. The industrial defence board and the defence medical and dental advisory board have been set up.

13. The department has assumed responsibility for inspection, formerly vested in the inspection board.

14. Medical services were reorganized to take advantage of D.V.A. facilities.

15. Fire fighter services were established, and fire and accident prevention campaigns carried out.

16. We have continued the campaign for support in recruiting, with the desired results in every respect except for the reserve army.

17. The security arrangements have been strengthened.

18. The services have assisted in meeting civilian needs in fire fighting and search and rescue operations.

19. We have set up a system of tri-service communications across Canada.

These are some of the achievements. On the debit side we have:

1. Two regrettable losses of planes of the R.C.A.F., both apparently due to bad weather.

2. Regrettable losses of flyers and aircraft of H.M.C.S. *Magnificent.*

3. Disciplinary troubles in the R.C.N., due in part to the difficulties of post-war adjustment.

4. Adverse press reports on Exercise Eagle, which I believe were due principally to our failure to explain the nature, objects and possibilities of the exercise.

Looking toward the future, in addition to carrying on the program I have outlined I emphasize the need for—

1. Improved arrangements for training in Canada for naval executive officers, and further improved arrangements for qualifying officers for the R.C.N. from the universities.

2. Improved arrangements for in-service education and trades training.

3. Continuous examination of establishments, military and civil, to promote economy and efficiency.

4. Increased efforts to inform and enlist the support of the civilian community.

In these remarks I have necessarily only touched the highlights of a large scale combined operation. I say it is a combined operation, for I believe the officers and men of our three services are working loyally as a team in the service of their country. During the past two and a half years this has not been a particularly light task or an easy period. Though this particular job imposes heavy and exacting administrative responsibilities requiring continuous attention at headquarters, I have felt that it also required the knowledge and interest resulting from visits to the units across Canada, and I must say I have found these stimulating and inspiring. I have said before and repeat that there is nothing second-rate about the officers and men of our armed forces. It is a privilege I value highly to work with them.

The efforts of Canadians in two great wars have demonstrated our capacity to make a great contribution to the defence of our country and to the common cause of freedom. In proportion to population, no country contributed more to restore those peaceful conditions abroad on which our own prosperity so largely depends at home. Our representatives earned respect for Canada as a nation standing for justice in international dealings, just as our soldiers, sailors and airmen earned respect for Canada by their competence, their courage and their conduct. Today and in the future Canada's defence organization must ensure the integrity of our territory and meet any obligation we may assume under the North Atlantic treaty.

Towards this end I shall welcome informed and constructive criticism and every kind of assistance, and I believe in this we shall have the support of all hon. members and of all the people from end to end of Canada.

Mr. G. R. Pearkes (Nanaimo): I am sure, Mr. Chairman, that hon. members of this house will appreciate the statement which has been tabled this afternoon by the Minister of National Defence, and which explains in considerable detail, as he said, the policy governing the organization, training and operation of our defence forces. But I find it difficult to reconcile with that action the last statement he made. Just before he sat down he said he would welcome informed criticism of the policy of his department in order to build better defence forces for Canada. Every hon. member in this committee wants to see our defence forces—the navy, the army and the air force—the finest that this country can possibly produce. But I suggest that the tabling at this time of a statement outlining that policy is of no help whatsoever to this committee. We have not had an opportunity to study the contents of the statement; therefore we cannot give that type of informed criticism which the minister has expressed a desire to receive by way of assistance in the development of our armed forces. I do not know how long this debate will go on, but I hope that it will go on long enough, or that it will be adjourned at some time during the discussion of these estimates, and resumed later in order that we may have an opportunity to read the statement that the minister has today tabled.

The minister referred to the fact that today is Remembrance day. I cannot help feeling that it is a strange, sad, ironical circumstance that we should be discussing estimates for national defence within a few hours of the time when members of this house and hundreds of thousands of people all across Canada were standing in reverent memory of the sacrifices which had been made by Canadians in past wars. I feel sure that it was the fervent prayer of all those who attended these ceremonies that the sacrifices made by Canadians in the past would not have to be repeated.

The extent of the attendance at these memorial services can perhaps be emphasized

by recalling the fact of the differences in time throughout Canada. I look at the clock, and I realize that the parade in my own village on Vancouver island will just now be dispersing. I do not think it is an exaggeration to say that, at every hour during the twenty-four, men in some part of the world, with their wives and children, will be standing in front of a cenotaph and praying that there may not be another repetition of the catastrophes of the past.

With vivid memories of the sacrifices that those men have made, I cannot but turn my thoughts back to the policies which have enabled Canada, during the past century and a half, to preserve herself and to help to maintain the freedom of this world.

At the beginning of the nineteenth century Canada was threatened by a series of international disturbances. It was then the settled policy of the United Kingdom government to station in Canada regular forces of the British army, equal in number to the regular forces then maintained by the only enemy which was anticipated at that moment, namely, the United States. Those British regular regiments were stationed in small garrisons at nodal points from the Atlantic to the great lakes. In some cases the garrisons were not strong, merely manning forts, but they were a deterrent or a stopgap which enabled the citizens of Canada, when the emergency developed, to rally behind those regular regiments and, after a period of training and equipping, to fight nobly in the defence of this country. The essential point I make here is that regular units were available in order to gain the time for the civilian soldiers to become ready.

As we pass over the years—we need not bother about the South African campaign, because we hardly took a great part in it—we find that in 1914, around those militia units which then existed, the citizens of Canada rallied, as they also did in 1939. In the winter of 1914 the units which had made the greatest progress in their development went over to England, and in the spring of 1915 they took part in some of the great battles of that campaign. But, remember, there had been other troops who had drawn to themselves the first onslaught of the enemy's attack. The British regular army should have been decimated and should have perished in gaining that time. That is immaterial, but it is a fact. Time was gained by their heroic withdrawal from Mons and the first battle of Ypres and so forth.

Then came 1939, and again around our non-permanent and permanent force units the citizens of Canada rallied. Again, after a period of training, those who had made the most progress in that respect were transported across to the United Kingdom, and there in the United Kingdom they underwent a further period of training, a further period of equipping. In the meantime other troops from other countries were holding off the enemy while that period of training went on. I remember very vividly how, in the spring of 1940, the first Canadian division moved out from Aldershot. It was a circus. It was a circus as we rattled our way with indentured vehicles up to Midlands, there to occupy another position. Our training went on, and as the battle of Britain was being fought after Dunkirk and the danger became greater in September, 1940, one year after the outbreak of war the first Canadian division was rehearsing at dawn day after day a counter-invasion role. As their commander I know that I stood up and said to battalion after battalion: "I know that you will fight gallantly but the cost will be heavy because you will not fight skilfully. You are not well trained".

We were fortunate that it was impossible for Hitler's armies to cross that small channel. The air force held them back. The air force attacked them while they were mustering in France in preparation for that invasion.

Again I want to emphasize the fact that while under the system which had held good and had proved itself worthy for the defence of Canada for a hundred and fifty years somebody else had gained the time before the militia of Canada were ready to carry out the magnificent role which brought the crowning victories in these campaigns. Are times changing now? Only a few days ago in this city a great statesman from the United Kingdom said that the card had been played for the last time. I refer to Mr. Bevin's statement in speaking to the Canadian Club here in Ottawa. The card had been played for the last time. What card? The card of gaining enough time to develop your forces for the outbreak of war.

General Crerar, who was in command of the Canadian army during the campaigns in this war, has repeatedly pointed out that if a country is not ready when war breaks out again it will never have a chance to save itself.

The policy which has just been enunciated by the minister, the policy which is described in the annual report of his department, and the policy, as far as I could gather which has been published in the statement that he has just tabled, indicates that this country is relying upon exactly the same policy which has stood this country in good stead for a hundred and fifty years, but which, according to men such as Mr. Bevin and General

Crerar, is now out of date. This is the policy as enunciated in the annual report for the Canadian navy:

> To provide a well-trained nucleus equipped with ships of the classes needed for coastal defence and the protection of trade, to train reserves and to provide the administration and training personnel and equipment to permit whatever expansion may be necessary.

I now turn to the policy as defined for the Canadian army:

> To have in active service a highly trained and mobile force, capable at the same time of defending our territory against any possible sudden attack and also of forming a compact framework around which reserve forces may quickly be built up in case of emergency.

So far as the air force is concerned the policy is as follows:

> . . . the R.C.A.F. is to build up and maintain an air strength adequate to meet any immediate attack and to form a nucleus for the formation of larger forces if necessary.

Hon. members will see that at the present time the emphasis is being placed continually on the small compact units. They are relying upon there being a period of time in which the reserve forces of the army, navy and air force may be built up.

I suggest, Mr. Chairman, that there is much uncertainty, much consternation amongst the people of this country, particularly those people who have had service experience —and there is a very high percentage of our people who have had service experience. There is much uncertainty as to whether this course of relying upon the ability to build up reserve formations, the militia, call it by whatever name you like, when the emergency comes, and relying upon some other forces to gain that time, is a sound policy under present conditions.

In the last few days, or the last few months, an investigation has been carried out by three distinguished men. I refer to the commission set up under Admiral Mainguy to inquire into conditions in the navy. He stated quite frankly that his commission did not make an exhaustive inquiry into Canada's naval policy and the part our navy might be called upon to play in case this country were once again involved in war.

They would have had this annual report of the Department of National Defence before them; and he goes on to say that the knowledge they had did influence them in their inquiry and thought, and the recommendations they submitted. At page 52 of the report the commission states:

> There is a widespread feeling that the available manpower and material have been stretched too far and too thin to meet the requirements of a fighting, convoying and anti-submarine force.

The report goes on to say that they recommend that the naval complement should be reviewed. In other words, they recommend that we should cut our coat according to the cloth we have, that we should review the whole of our naval policy with regard to the number of ships and men we can maintain and the roles we should carry out.

The report continues at page 42 to state that the comparatively heavy commitments of the navy have required constant operation and hurried change, with the result that training has not gone ahead as fast or as systematically as it should have. The present actual complement of officers and men was stated by several witnesses to be inadequate for the existing commitment.

There are other references to the same question of naval policy. The report drives home the fact that our resources are too thin and have been stretched too far to do all the tasks they are being called upon to do. I do venture to suggest that the same sort of thing applies in respect of the other services —that our resources are being stretched too far and they are too thin to be able to provide these mobile forces and to provide the nucleus for expansion which it is suggested will have to take place under certain circumstances.

I think the expansion which is so essential will be most acutely felt in so far as the Royal Canadian Air Force is concerned. Hon. members will recollect that in the early days of the battle of Britain, in the first years of the war, appalling casualties were suffered among fighter pilots. Replacements were very heavy for fighter pilots, aircraftmen, bomber pilots, bomber gunners—in fact anyone who was in the air. That was where the heaviest strain came. That was where there was almost a breaking point in the battle of Britain. Everyone there at the time has spoken of the glorious action of those R.A.F. and R.C.A.F. pilots who, worn out and exhausted, returned to the attack time and time again against the Germans who were endeavouring to bring the United Kingdom to heel through action of their bombers.

What is the condition regarding the strength of our reserve forces in so far as the R.C.A.F. is concerned? I ask that because it was to the auxiliary squadrons that Canada and the other nations had to look for their supply of pilots. In this connection I take my figures as they appear in table 3 at page 82 of the report of the Department of National Defence. At this point the reserve strength as at March 31 of this year for the reserve army is 36,311. The strength of air crews and ground crews of the reserve auxiliary air force is only 1,427. I heard the figures the minister gave today, which indicated an

increase from that number. I would point out that that increase consists of recruits, because on March 31 they were not there.

I turn next to the training section in the annual report, and at section 18 on page 10 I find that in the Canadian universities there is a enrolment of 2,040 cadet officers training with the officers training corps. In section 20 we see the number of university students training as cadet officers in the R.C.A.F. These would be the personnel who would be first called upon to replace casualties suffered in an air war. What do we find? As against 2,040 army officer cadets there are 366 students in the R.C.A.F. auxiliary.

Surely we are not putting the emphasis in the right place in providing reserves and the expansion which is so essential. Surely we must be realistic. As the minister said, if there is an attack against this country it must come by air or by water. If it comes by air or by water the policy he enunciated, that it must be met as far away from Canada as possible, is the correct policy. To do that we must have a strong air force. We must be able to bring to bear not a small active force supported merely by some 300 students now in training. I suggest that if we are again to rely upon the expansion of essential forces we have to place emphasis where it is most needed in order to carry out the policy announced by the minister of meeting the enemy as far away from Canada as possible. That is not what is being done under the present policy.

Looking at the estimates for this year I find that the details on page 198 show that $8,939,000 is being provided for army reserves. Then when I turn to see what is being provided for the auxiliary of the Royal Canadian Air Force I find that only $3,600,000 is in the estimates, a little more than one-third and less than one-half of the previous amount. The next junior branch is the Royal Canadian Air Cadets, those keen youngsters who are seen occasionally in the high schools across the country. They are allotted $363,000 as compared with $1,002,000 for the army cadets. Again I say that if we are relying upon the expansion of the essential arm, we are not giving encouragement where it should be given. The annual report shows that of the money allocated last year for the R.C.A.F. squadrons and training plan and R.C.A.F. reserves, only $1,067,000 was expended.

I do not want to labour that point any longer. In the light of the statements which have been made by Mr. Bevin, by General Crerar, in the Mainguy report and by many other government officials, I think that there is cause for anxiety and criticism as to whether the policy which has stood us so well over the last 150 years is the correct policy under the very changed conditions which exist in the world today.

I am not in position to say how that can be corrected.

The minister has suggested that he would like the co-operation of every hon. member in this house. We in this party have suggested from time to time a way in which we think he could get that co-operation. We have suggested that if a committee was set up to deal with questions of defence we would be better informed and therefore would be able to give him the advice which he has asked us today to supply. Whether that is the right course, whether that is the course the government is prepared to follow, only the minister can say. But he has asked us for co-operation and that is our suggestion.

I am quite certain that every hon. member shares his pride in the forces of Canada, particularly at seeing these young men come and stand around the cenotaph side by side with the veterans of two past wars. So many of these services remind me of the wonderful poem by Colonel McCrae, the theme of which was that with failing hands they passed on the torch to future generations. I do not believe that it was the meaning of Colonel McCrae, nor is it the interpretation placed upon that poem by the people of Canada, that they were passing on a fiery cross to call the clansmen on some foray. I think he meant that they were passing on a beacon which it was hoped would light the way to better conditions in the world of the future.

As we all know, and as the minister has said, the high hopes of San Francisco, where the United Nations was formed, have not been fulfilled in their entirety. However, I have confidence in the peoples of this world and I believe that ultimately we shall be able to find some other means of settling international difficulties. The time has not yet come when we do not have to maintain strong and adequate armed forces. We want to be able to grasp that torch with strong and firm hands, not with weak and faltering hands.

I believe the people of Canada are prepared to advance these immense sums of money in the hope that the armed forces of Canada will be able to prevent a third world war, in the hope that the armed forces of Canada will be designed to prevent a third world war rather than to win the victory during the later stages of that war, should it come. The people of Canada are making great sacrifices. I admire the minister for not mincing matters when he spoke about the

amount of money he was asking the people of Canada to contribute for the maintenance of these forces.

The people of Canada want to know that that money is being spent in the right direction; that the policy the department is following will achieve the ends desired and that we are not merely providing this money to maintain old traditions; that we are not pouring that money into the Department of National Defence only to find that what is to be provided is a useless, futile type of defence if we are ever called upon to fight again. I have grave doubts as to whether the policy being followed by this government is going to achieve the results that Canada expects.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Chairman, it is rather significant that on Armistice day we are discussing the estimates for the Department of National Defence. We look back over the last thirty-one years and realize that on November 11, 1918, a sigh of relief went up from everyone in Canada, and indeed across the world, because one great war had ended; we look back and realize that now we have seen a second and even greater world war; and yet today we are forced by circumstances to discuss defence once again, and the possibilities of entering another world-wide struggle. I do not think any member of the house can do other than support the defence estimates that have been presented to us. Of course the tragedy is that after two great wars we are forced to consider anew methods of defence.

Let us not forget that defence lies not only in the strength of our armed forces and the instruments of war that we may build, but also in the condition of our people and the conditions of people all over the world. A short time ago we listened to a very great man speaking in this chamber, Prime Minister Nehru of India. If we followed his address closely we saw that the lesson to be gained from it was that, not in armed strength but in the removal of evil social and economic conditions, the peace of the world really lies. Until we have removed the economic and social conditions that cause unrest and make for war, we have to consider ways and means of national defence in another field. In the ultimate, the manner in which we can best serve our generation, and generations to come, the manner in which we can best bring universal peace to the world, is to seek the security of all mankind economically and socially as well as in every other way.

I hope we have learned another lesson since the last war ended. It is that we must press forward to bring about understanding among the nations of the world in order to prevent war. From what I have heard said by some of the greatest scientists engaged in the production of atomic energy and the atomic bomb, and from what I have read in their articles and those of military men as well, there is really no adequate defence against modern instruments of war. If we allow war to come upon the world again then the civilization that we know will fall in ruins.

It is not often I agree with spokesmen for the Soviet union at the United Nations or elsewhere, but I read a short time ago that, in the celebration of their national holiday commemorating the revolution of 1917, their national spokesman on that occasion predicted that if war came to the world, as he put it, the capitalist society would be destroyed utterly. I would go further than that and say that civilization of every sort, whether it be capitalist, socialist or communist, will be destroyed utterly in the event of another world war. There is really no defence against modern instruments of war, but of course some reliance can be placed, as the hon. member who has just taken his seat implied, upon negotiation among the nations based upon strength. Consequently if other nations are engaged in strengthening their defensive machinery, lacking collective security we also have to participate in a similar policy.

I am glad that the Minister of National Defence saw fit yesterday to place in the hands of at least some of the members of the house the document I have before me, "Canada's Defence Program". I am sorry that it was received rather late last evening, because I should like to have given closer study to it. As a matter of fact, except for the short time I was in the house last night, I spent the evening reading it, and a very interesting document it is. It indicates the tremendous amount of money that we are going to spend this year on the various projects the minister has enumerated this afternoon. There is the figure of $375 million in the main estimates plus $8 million in the supplementary estimates, a total of $383 million. If you add another $150 million to that you come pretty close to the amount of our total national budget for all purposes prior to the last war. As I say, if you add $150 million to the $383 million, you come close to the total national expenditure of Canada in 1939 and prior years. Sixteen per cent of our country's revenue, $38 per head of our population—

Mr. Claxton: $28.

Mr. Coldwell: I thought you said $38.

Mr. Claxton: $28.37.

Mr. Coldwell: Twenty-eight dollars per head of our population is an enormous

expenditure in a country such as Canada which has so many resources awaiting development. In the autumn of 1946 I had the privilege of being one of the Canadian delegation at the United Nations. Our delegation, through the mouth of the then Secretary of State for External Affairs, the present Prime Minister, placed that point of view forcibly before the general assembly of the United Nations. He urged the necessity of carrying out the parts of the United Nations charter having to do with collective security of the nations in order, as he put it, that we might proceed in a country like Canada to raise the standards of life of the people. Today we have to face an expenditure of $28 per head of population, not for the development of our great resources, not for the raising of our standards of living and the improvement of the lot of our people, but for preparations for defence.

We supported the North Atlantic pact because we believe it is essential under the conditions that exist today, but let me point out that the North Atlantic agreement is a second best only, and that if we are going to have real world-wide security then we must have it on the basis of the United Nations. Consequently we believe that at this time the manner in which we co-operate with others will mitigate to some extent the obligation we have to assume for defence. The minister said in the course of his remarks that the best way to deter the forces of communism was to face them with overwhelming strength. Again may I say, as I said of the Atlantic treaty, in my opinion that is indeed a second best. Perhaps it is the alternative we must accept today, but in my opinion the best way to defeat communism, or what we call communism, is to raise the standards of living of people everywhere, and to see to it that nations are engaged in promoting social justice everywhere. That is the only real and effective weapon against communism; there is no other. Indeed, that was the lesson brought to us in this chamber a few short weeks ago by Nehru.

But since there is not social justice across the world, since there is grave danger of conflict among the nations, then we must guard our own country well; and that means we must consider proposals such as those which have been placed before us this afternoon. The minister told us Canada's forces were merely a nucleus in the event of war, a nucleus of army, a nucleus of navy and a nucleus of air force. While that was criticized by the hon. member for Nanaimo (Mr. Pearkes), perhaps after all that is about as far as we can go if we are to maintain our national economy, and indeed it is as far as most other countries are going at the present time. That is so in the United States, though their forces are many times the size of ours and their expenditures much greater. In the United Kingdom, where they are closer to that part of the world where conflict might arise, the same policy is being followed. Because side by side with the arming of our forces and the organization of navies, armies and air forces, we must maintain our industrial and economic strength; for in the final analysis it is upon our industrial and economic strength that victory or defeat will depend.

And let me say in considering the arming of our forces, whether they be naval, military or air force, I believe that this should be done, as I have so often said in the house, without profit to any group or individual in this land. We of this movement have always stood for the nationalization of the main munition industry. It may be argued that many industries not recognized today as munition industries are of importance in wartime and that therefore a policy such as I have suggested could not be carried out. But there are certain vital industries manufacturing the equipment of war that should be in the hands of the Canadian people through public ownership. I regretted very much the sale of Canadair two or three years ago, because I foresaw that in the event of a program such as the minister has laid before us today this industry would be vital in the realm of national defence; and so it is proving to be. And if I may say so, while I believe the company is operating efficiently, I was disturbed to see that it was sold to the Electric Boat Company. Anyone who knows the story of that company between the two wars I think will agree with me; or anyone who has read the book on the munition industry, entitled "The Private Manufacture of Armaments", written a few years ago by a gentleman who was here within the last two or three weeks, Right Hon. Noel-Baker, will recall that in this book the exposure of the anti-social operations of that company is quite complete. So I say we believe that the main armament industry of the country should not be a matter of private profit for any corporation or any individual, but should be a national project under complete national ownership. During the last war we saw in our own country how great, nation-wide industries were strengthened and enabled to attain an even more monopolistic position in our society than they had previously: Aluminium Limited, Canadian Industries Limited, and now Canadair. That is one feature of the defence program with which we disagree, the manner in which the instruments of war are being provided for our army, navy and air force. We believe that

should be undertaken as some of these projects were undertaken during the war with efficiency. We can point with great pride in this country, I think, to some of the industries which operated under the Department of Munitions and Supply as crown companies owned by this nation.

Then we agree that the conditions affecting the personnel of the armed forces should be the very best. I have read the naval report to which reference was made this afternoon, and one of the criticisms it expresses is the distance which was maintained between the officers and men. I think the authors of that report were quite correct when they said the average young man entering the Canadian navy was somewhat different to the average young man entering the British navy. In the past at least the officers of the British navy have been drawn from a different class than the men serving in the lower ranks. That is not the case in our own country, where officers and men have obtained their education often from the same schools, and have come from the same sort of homes with the same environment. Consequently the sort of discipline one finds in the British and some other navies should not be applied in the Canadian navy. So I congratulate the minister on having said, as he did, that steps would be taken to more particularly Canadianize our navy. That does not mean merely painting maple leaves on the funnels of the ships. It means much more than that: the organization of a navy based on Canadian conceptions and Canadian conditions, with a Canadian atmosphere among officers and men. Discipline there must be; but I have always believed, both in my own lifework and generally, that the best kind of discipline is one of confidence, rather than a discipline of remoteness or fear. So I am glad indeed to hear that the minister is proceeding with the Canadianization of our navy.

He said, too, that it was essential to attract men of good physique. Well, that is essential, but first of all we must raise the men of good physique, and in order to get them we must have a well-fed, well-housed and healthy population. I sat in this house on another November day in 1941 when the then Minister of National War Services, Hon. J. T. Thorson, speaking from a place not far from where the minister is sitting now, read a report of the experience during the first year of recruiting, 1939-40. The house was shocked to learn that some 46 per cent of the young men who had offered themselves for enlistment for overseas service were turned down because of physical defects of one sort or another.

[Mr. Coldwell.]

That, it seems to me, was a commentary upon the conditions which had existed for a number of years and which were particularly acute between 1930 and 1939. If we are going to have defence and are going to rely on men and women for that defence, we must see to it that the children of this nation are well housed, well clothed, well fed and—if I may add one other requirement—well educated as well. I therefore say that our defence expenditures should be matched by expenditures for social services and for the well-being of the nation generally.

A moment ago I mentioned the fact that education was also an arm of defence, and that statement was never truer than it is today. During the last war we learned the importance of the scientist, the educated technologist and others who possessed above average educational attainments and abilities. Indeed, in spite of those terrible years—and in a way perhaps because of them—in the early days of the war Canada provided the Royal Air Force with a high percentage of pilots and navigators. This was possible because in this country we had a group of young men who had received a high-school education or better. Consequently, when we discuss defence, we cannot forget that it means more than the placing of men in uniform and the building of the machines of war. It means education, especially scientific education, preparation for research and technical activities.

A few moments ago I mentioned the Canadianization of the Canadian navy. In this document I was glad to see that attempts are being made to educate our young men along democratic lines so that in the days to come they may take their places in more responsible positions. One other thing I noticed was the large number of civilians now employed in armed forces activities; they are civilians who are skilled in various lines of endeavour, such as artisans and so on. Let me emphasize once again that just as we need skilled men in the armed services, so we need skilled men and women in industry. I think that most hon. members in this chamber—at least those who were here at the time—will recollect that we had great difficulty, in the first two years of the last war, in equipping the men who were in the armed forces; that we had great difficulty in getting the necessary plans and blueprints for the building of the necessary equipment; and that we had considerable difficulty in getting the necessary skilled labour to make the equipment according to the plans and specifications which we had secured. We should therefore be thinking not only in terms of army, navy and air force, but in terms of building up in our own country a civilian corps of men and women consisting of arti-

sans, technologists as well as scientists, who are so skilled that, in the event of new machines of war being needed if war comes again, which God forbid, they will be able to provide us with those machines in a short time.

To some extent, of course, that objective is being accomplished through the re-education of our veterans, through our technical schools and the scientific research organizations in our universities, and through such projects as the one at Chalk River which some of us are looking forward to seeing next week.

If we look at a list of the scientific advances and changes that have been made since the last war ended, we realize that in a discussion of this sort we cannot think of a future war in terms of the last war or the war before. When we faced the last crisis in the world and in this country, one of the difficulties was that most of us had been thinking in terms of the war of 1914-18, when all of sudden we were faced with an entirely new set of circumstances. Then army, navy, air force and parliament had to unlearn much of what they had learned, between the two wars, out of the lessons of the first one. Because of these new instruments of war that the minister listed, the cost of national defence today is comparatively fabulous. When the minister was speaking, he mentioned "construction" in the estimates amounting to $91 million. That is something that is necessary, and I am not criticizing it; but I did a rough calculation. For the $91 million we could have built 18,000 houses at $5,000 each if we could have been relieved of expenditures of this description. As I say, I am not criticizing that expenditure of $91 million. But when the words "construction for the armed forces" were used, the thought flashed through my mind that if we had been able to use that $91 million for construction for domestic needs, this year we could have constructed 18,000 additional houses with a value of $5,000 each.

Once again I want to say that while we support the measures that the government consider necessary—and after all, the government must make this decision; they have information that we do not possess—and while we support these defence proposals, we believe that every effort must be made by our Department of External Affairs, supported by the people of this country, to endeavour to bring about international understanding so that such expenditures will be unnecessary in the days to come, and so that we may have real collective security through international organization. When we get that we, in common with other nations, shall be able to embark upon a program of international and national disarmament and shall be able to use the vast amounts of money nations now expend in this way for the benefit of the people of all countries.

The minister paid a tribute, as did the hon. member for Nanaimo, to the young men and women who served in the last war. Distinctly I remember really believing thirty-one years ago, as I did for some years, that the world had had a blood bath that it would not forget, and that the little children growing up in our homes in 1918, as my own son was, would not be called upon to face another such war. Well, they were called upon to face that war. It seems to me that one of the obligations that parliaments have, that the Department of External Affairs has and men and women of good will everywhere have, is to do our level best to see that the world is so organized, the standards of living are so raised and the causes of discontent so removed that the generation of little boys and girls growing up in our homes today, and in some instances our grandchildren, will not be called upon to do what our sons and daughters were called upon to do.

I admired the young men and women in the Canadian armed forces when I had the privilege of going overseas in 1941 and again in 1944. The hon. member for Cape Breton South, the hon. member for Melfort and I were privileged in September 1944 to visit our armed forces in Belgium, which had just been occupied. Anyone who met Belgian citizens at that time and heard the tributes that were paid to the young Canadians who had occupied that country will never forget it. They were well liked because of their courtesy and of their general behaviour. We felt very proud of these young men and women, but I hope that we may never have to send overseas contingents of young men and women to do the same kind of job that they did.

While we have that hope we cannot neglect to do all we can to promote the defence of our own country, lest some calamity befall this nation and the world. Therefore, what I want to say is that while we support these defence expenditures made necessary by the uncertain international situation, we want to say to the house that we believe the best way to defeat subversive elements, communism, if you wish to call it that, in our own country and throughout the world, is to do everything in our power, both in our own country and in co-operation with all nations, to raise the standards of living and to remove the causes of poverty, misery and want, out of which future wars are likely to arise. With these words I want to say, Mr. Chairman, that we must support the estimates presented by the government.

Supply—National Defence

Mr. J. H. Blackmore (Lethbridge): Up to the present time the debate has been enlightening and in the main enjoyable. The hon. member who has just taken his seat has voiced the sentiments of almost everyone in this chamber as regards the ideals we are working for. With his expression of ideals I have no quarrel at all. To them I say, Amen. But when it comes to means whereby these ideals may be achieved then I take sharp issue with his proposals.

All during world war II it was declared by government spokesmen everywhere that what is physically possible shall be made financially possible. In the main during the war that promise was honoured. With the coming of the peace the same principle ought to have been applied in an effort to win the peace. I find myself completely amazed to discover that not one single spokesman for the government, or anyone from the opposition, has insisted that we should make what is physically possible financially possible in our endeavours to win the peace. I submit, Mr. Chairman, that if these particular people whom I have mentioned had been as industrious, as determined, to make what is physically possible financially possible in their endeavours to win the peace, we should not now be in such necessity to prepare for the greatest war of all times. They apparently forgot the principle that what is physically possible can be made financially possible as regards the peace not only within the nation but among the nations.

Little attention indeed is given to Canada's physical possibilities by the members of the government's side of the house, and I fear by even the members of the Progressive Conservative party. Little attention is given Canada's physical possibilities when we confront problems such as the housing problem of Canada, the transportation problem of Canada, both as regards freight rates and the construction of highways, the price control problem of Canada, including the cost of living; old age pensions, and war veterans' allowances. It never seems to dawn on anyone in these august bodies that what we can do for old age pensioners depends in the last analysis on the food, clothing and shelter we can produce in Canada.

Today the minister has declared in effect that if we Canadians cannot financially afford a safely adequate program of defence, then we cannot have that adequate program of defence, regardless of what may or may not be Canada's physical possibilities. I suppose it will not dawn on the minister and his colleagues that what is physically possible can be made financially possible in preparation for war until we are again in war, when it is too late to make what we all would hope might have been a really adequate preparation.

The coming war, Mr. Chairman, will be characterized by lightning speed, transcendent military strategy, designed to paralyse us immediately, unscrupulous surprise, equal to that of Pearl Harbor, and dismaying fifth-column activities, co-operating with the foe.

Bearing this in mind, there are four questions that the minister ought to answer. I do not care whether he does it on the floor of the house or not. But he ought to answer them when he gets back in conference with the able assistants of his department and with his colleagues in cabinet. First: Could Canada fight successfully if the United States were paralysed by strikes or internal disorders? I do not know that I have heard this question even entertained. Second: Is our military industry decentralized appropriately? Third: Have we regional organization for the production and distribution of food, clothing and shelter in Canada in respect of both storing and producing, with respect to providing hospitalization, government, defence, aggression? Have we provision for guerrilla warfare?

I was over in Britain in 1941 with the hon. member for Rosetown-Biggar. I was a member of the delegation of the empire parliamentary association in that tragic year of Britain's history. I was impressed with the fact that they had organized Britain into twelve distinct regions. The general idea was that each of those regions was provided with all the equipment such as I have referred to that would enable it to carry on a successful fight against the foe alone. So that if eleven of the twelve regions of Britain were overrun, the twelfth could still shout defiance at the foe, and make good its defiance. I should think it would be the barest fundamental of wisdom in Canada for us to have at least several regions comparable with those in Britain. I doubt very much however that we have any such organization, although it would seem to me necessary.

I am afraid that if by successful manoeuvring a foe could gain control of certain parts of Ontario and Quebec, you could roll down the curtains on Canada. That would be something to be very sorry about, but something for which the Liberal government in Canada would have to assume responsibility, by reason of its policy of centralizing industry during the long years of its regime in Canada.

Fourth: Have we a nucleus and skeleton organization, in respect of personnel, buildings and equipment, for a British commonwealth air training scheme? I am a bit surprised we have not heard about such an air training scheme, especially in the light of

the fact that this scheme played so potent a part in the ultimate victory of our arms in world war II.

Having said this much about the general situation, may I turn to the document called "Canada's Defence Program" which was distributed by the minister among the leaders of the parties, and from which document he quoted rather generously this afternoon. I am sorry it did not reach my hands until 11.15 last night, and that I have not been able to give it as much attention as I should like to have given to so important a document. Nevertheless, under the circumstances, we shall do what we can.

I turn to the second division of it which deals with the international situation, and should like to read into *Hansard* certain excerpts from that part of the document, commenting upon certain of them. In paragraph 5 on page 6 I find this:

> We appreciated that the road to peace was a long and arduous one and that with other members we should have to assume continuous responsibilities for the building and maintenance of peace.

"The building and maintenance of peace" —very well said; but not much done about it. Then, following that—

> The people of Canada, through their representatives in parliament, clearly indicated that they were prepared to accept these responsibilities.

They did; no blame on the people of Canada. And from the same paragraph:

> No substantial progress has so far been made through the institutions of the United Nations.

And the question ought to be asked, in capital letters of red, and underlined: Why? Everyone will blame the wrong person, just as nearly everyone blamed the wrong person for the outbreak of world war II.

Then I should like to quote from paragraph 7—and I shall not comment at great length, but shall reserve my comments for later. It states—

> By the terms of the treaty—

and the reference is to the Atlantic pact—

> —the parties undertake "to settle any international dispute in which they may be involved by peaceful means," and "to contribute toward the further development of peaceful and friendly international relations by strengthening their free institutions."

As I recall it, the United States signed that document and thus committed herself to the treaty. I should like to ask any citizen of the United States who by chance happened to come in contact with this speech, and I would ask any other person in Canada the same question: What would United States reaction be if the European nations asked for the privilege of introducing the imperial preference system in accordance with their opinion as to how far those preferences would help? I wonder if there would be on the part of the United States a willingness to confer with others in an effort to grant European nations their request? I go on:

> —to "encourage economic collaboration"—

I wonder what has been done to encourage economic collaboration, in the realistic sense. We are discussing the international situation. I quote again from paragraph 7:

> "The parties separately and jointly, by means of continuous and effective self-help and mutual aid, will maintain and develop their individual and collective capacity to resist armed attack."

I wonder if they have gone as far as mutually helping to raise each other's standard of living, or if they all have fallen back into cutthroat competition—which everyone knows is commercial warfare and leads inevitably to military warfare. It continues:

> The parties agree to "consult together whenever, in the opinion of any of them, the territorial integrity, political independence or security of any of the parties is threatened."

I wonder if Canada and the United States have really got right down to grass roots in the endeavour to find out how to raise their respective standards of living so as to prevent the inroads of communism from becoming greater? If they have not, it will not do much good for the minister to get up here and use unctuous phrases in Canada about peace.

Then turn to paragraph 8:

> The purpose of the North Atlantic treaty is to establish the joint strength of the democratic countries and, by making aggression clearly unprofitable, give the western nations the opportunity to combat communism, not in the field of war, but in the field of ideas, of practical living and of peace.

I should like to ask, for the benefit of the minister and his colleagues, and especially the Prime Minister, what greater opportunity Canada and the United States could possibly have than they have had given them in order to accomplish this laudable objective.

But we see no results from it. Vast numbers of the people of Canada are living right on the verge of poverty. When the announcement was made that rents would rise it was a calamity to most of them. They do not have much of a margin to go on, and to keep them away from communism, or cushion them against the wily arguments of communists, do they?

Then, turning to paragraph 12 on page 8:

> By pooling resources, the effect of the pact should be to reduce the total expenditures which each of the twelve countries would have found necessary for their security had there been no pact. However, that result is some distance off and in the meantime, Canada will have to make such modifications of her plans as may be found necessary to meet the situation.

I wonder if Canada is making modifications in her plans so as to meet her internal economic and financial situation? I have my doubts.

And then at paragraph 16 on page 9, quoting General Bradley:

"The more I work on our plans for defence, the more I am convinced that war is not inevitable—

I agree with the gentleman.

—and that our defence plans can be part of a strategy for a lasting peace."

And then on the following page:

War is not impossible . . . but I believe it is unlikely. I believe it can be made increasingly unlikely by our own behaviour—

I agree with that—"our own" behaviour.

—if only the American people can adhere to a wise and steadfast course of conduct through the years.

Change "American" to "Canadian" and I would agree with him there also.

There is no absolute security in the world today. But there is relative security, and a way to make that relative security stronger.

Especially in Canada and the United States.

Once we have established reasonable defensive forces, in combination with our friends of the Atlantic pact, the likelihood of an attack against us will be slight.

It surely will be.

I mean (by reasonable defensive forces) forces of such strength that any potential enemy must recognize (a) that it would be foolhardy for him to start a war against us, and (b) that it would be foolhardy for us to start a war against him. I believe that such an equilibrium of forces can be established, and held stable through the years until more civilized long-range solutions can be found.

Those words of General Bradley contain some jewels of wisdom, but I am afraid he did not have in mind the kind of thing that really needs to be done by both nations.

Are Canada and the United States really doing all they can to contribute to and encourage amicable collaboration? I immediately recall the United States' unconditional most-favoured-nations clause that forced Japan into world war II, and probably forced Germany to declare war in the beginning. What about the non-discrimination principle that has practically throttled every nation on the earth today? What about the convertibility of currency fallacy, that ghastly misconception brought about by the Bretton Woods agreement? What about the coerced reduction of imperial preferences which made the lot of Great Britain and the British commonwealth so much more difficult than it otherwise would have been? Those were all embodied or implied in the Bretton Woods agreement and the Minister of National Defence, along with all his colleagues, supported that agreement. I suppose he still supports it. That was one of the most pernicious documents ever perpetrated on earth by man. The Geneva and Havana trade agreements were built around the same fallacious principles, and those principles have never been disavowed. I maintain that until those principles are disavowed there is no hope for peace in the world.

May I refer to some of the things that are going on in the world and especially in our neighbouring nation where people are getting up and uttering high-sounding phrases just like those the minister has used. I do not want to be unkind to the minister because I know he is in the hands of a certain group of people who are working toward certain objectives. But he has been one of the leaders in that group, judging by his remarks in this house in times past.

We read in the *Christian Science Monitor* of November 7 that the government of the United States is limiting the production of many products at the very time when a billion people in the world lack the very things of which she is going to limit the production. Can we speak of that as being a measure designed to produce peace in the world? They are suggesting a reduction in the production of corn, wheat, cotton, rice, potatoes, peanuts, tobacco, citrus fruits and milk in some cities. That is being done at a time when there are tens of thousands of people in the United States not receiving the nourishment they ought to receive.

On November 2 the *Christian Science Monitor* speaks about the proposed reduction in the production of corn and says that the acreage will be reduced in 1950 to the lowest figure since 1892, that next year perhaps 10,000,000 acres less will be in production than in 1949. That brings up the question: How many commodities in Canada is the government limiting the production of? Not a few! In doing that I contend that their policy is directly contrary to all the high-sounding and pious phrases that appear in the Atlantic pact.

On November 3 Philip Noel-Baker, speaking before the Canadian Club in Quebec, said that one billion people in the world suffer from hunger but that with modern methods world food production could be doubled. Why is not the world doubling it? Until the modern world does that, particularly the United States and Canada, how can we stand here and say that Canada and the United States are doing all they can to prevent the coming of another war? If we cannot be honest, we should at least refrain from talking.

On the financial page of the *Christian Science Monitor* of October 24, 1949, there

is reference to the Hirsch report. These are specialists in grain; they state that the world need for United States wheat is still vast.

Let us bear in mind something which is vital to this matter we are now discussing. In 1947 the United States sold $11 billion to $12 billion more goods to the world than she bought from the world, and a large proportion of those goods were rather forced on the world. That unbalance was just as great in 1948.

Can anyone maintain that the United States, which is refusing to distribute goods within her own borders so that her own people can buy them, which is refusing to distribute purchasing power, can anyone for a moment argue or even pretend that that nation—this applies equally to Canada—is endeavouring to remove the cause of a coming war? I have been arguing this kind of thing for a long time; hon. members cannot say that they have not been warned about this.

I do not want to be hard on hon. members but I can start and go in any direction and point out that all hon. members except Social Crediters almost broke their silly necks in a scramble to accept the Bretton Woods agreement. Apparently they thought that by accepting that pernicious thing all the evils of the world would be solved and the millennium introduced immediately. With the brilliant men that were in parliament in those days, one would think that they could have seen through the thing. The Social Crediters could.

In 1945 I stood here during the Bretton Woods debate and strove with all the force I had to get the Liberal party to realize the awful step they were taking. At that time a body of about 60 men who sat right over there kept up a noise like a stampede of bulls so that it was impossible for anyone to hear what I said. I hope the Liberal party has reformed since that time, because the day will come when those who took part in that booing, those who in those days were called "little Chicago", will bow their heads in shame. They just did not know; they just did not have sense enough to let themselves be told. There is no use talking any other way. If you are ever going to begin to remove the causes of war you must start at the causes of war.

On March 23, 1945, we were discussing the San Francisco conference in this house. I took part in that debate and I am reported on page 155 of *Hansard* of that day as saying:

> I have mentioned three conditions under which Social Crediters favour an international organization. Fourth, each member undertakes to prohibit its nationals from owning or controlling any property or economic undertaking in another sovereign country.

That is a rather new way to approach this problem, is it not? Believe me, if we are going to approach this problem on a realistic basis we shall have to start right there. I went on further to say:

> The significance of that measure for avoiding war will not be appreciated without a considerable amount of study and thought; but that is one of the most important measures, and if that stipulation is not embodied in the arrangements we make, all our attempts at attaining international peace will be futile.

Have my predictions been justified and warranted by what has occurred? Only too well; only too forcibly.

> Fifth: Each nation undertakes not to export goods to any other nation, except in payment for imports from that nation, without the consent of that nation's government. That sounds as though it were going to touch somebody's pocket; consequently that stipulation will not be very acceptable. But the embodiment of the last two undertakings will go further towards producing a peaceful condition in this world than all the achievements of several San Francisco conferences.
>
> Finally: Each state undertakes to receive payment in goods and services for any debt owing to its nationals.

What a difference there would be in the world today if the United States would agree to that.

> Do you need a Dumbarton Oaks, with an international police force, to enforce these regulations? All you need is good neighbourly sincere faith and honesty in approaching facts as they are in the world.

I said something more on that same page which I am going to quote if I have time. I am deeply concerned, along with all other members of the house, with removing the causes of war; but removing the causes of war does not have anything to do with building up a great international organization with a big police force to jam adverse policies down the throats of the nations and make them take it and like it. That is not finding a solution to their troubles.

I should like to turn to the document in question and consider it a little further. I shall refer to the section dealing with defence objectives of Canada, part III, and read from paragraph 18:

> The attitude of the communists has simplified for all countries the problem of adjusting national interests to international needs.

If the communists have done that I wonder why we do not see more evidence of it in Canada. We can still pass rent regulations that paralyse people from coast to coast and make them wonder if there is anyone in Canada they can trust. If that is not preparing fruitful ground for communist seeds, tell me how you would do it any better, after

having made specific promises that such would not be done. In paragraph 19 I find these words:

The right way to preserve peace or to achieve victory is to work with others.

That is perfectly right. How skilful are these members of the government in telling us things which everybody knows are true, but how defective they are when it comes to proposing policies which will put into operation the general principles implied. I should like to turn now to part IV, page 15, paragraph 49, reading in part as follows:

Again in proportion to population the present strength of our navy reserve divisions, reserve army units and air force auxiliary squadrons are larger than the corresponding forces in Britain.

What does that mean? Here we are in Canada with the goods, resources human and material, to outdo, I imagine, ten to one what the British can do, and we are saying that we feel we have achieved something really big when our expenditure, in proportion to our population, is equal to Great Britain's. It is fantastic, is it not, when you look at it? It indicates a lack of a realistic approach to the whole matter.

I should like to turn now to part VI, page 25, paragraph 105, where, referring to the greatest bottleneck in meeting a future emergency, it says that:

. . . it would be in trained tradesmen. Steps are being taken to increase their numbers.

That is entirely laudable, but the minister has not told us how many trained tradesmen we have, whether or not the number we have is adequate for the needs of the times, and how many we have in reserve in case we are suddenly confronted with war. We shall have to be in operation producing munitions within two days after the next war commences. We shall not have fifteen or eighteen months to tinker around the way we did in the last war. I wonder if the minister can tell us exactly how many trained men he has, how many he has in training who would be ready, say, in three months, six months, one year, and so on, and why he thinks the number he has is adequate. This is the kind of thing I want to know. Some of my sons will be in the next war; I am concerned about the matter. My family will be in danger; I am concerned. I cannot just take nice smooth-sounding phrases and be lulled to sleep.

May I turn now to part VII, page 29, paragraph 127, which reads:

Contracts have been arranged with Canadair Limited for the purchase of 100 F86A's at a cost of $30,211,190, which does not include the cost of engines, armament and radios. The work has already begun on the construction of this aircraft.

Suppose Russia were to strike six weeks from today. How many of these aircraft would be available? I really would like to know that. I realize that probably the minister might be divulging secrets which it would be inadvisable to divulge, but that is the kind of thing I want to know when I approach the whole problem of preparation for war. When we start to fight we shall need munitions right away. At page 31, paragraph 136, I find the following:

It has been decided to produce new high-powered radar equipment in Canada, thereby giving to Canadian electronic manufacturers experience and capacity invaluable in the event of an emergency.

When do they intend to begin to make this high-powered radar equipment? That is what I want to know. It has been decided; probably it was decided five years ago.

Paragraph 139 reads in part:

In 1948-49 we let contracts for 2,160 married quarters and in addition there were 273 housing units under construction at the end of the year.

That sounds all right, but I should like to know what was the average cost to the government of constructing each of these houses. I should like to know where they are located.

In paragraph 140 we are told:

Although we have added 70 per cent to reserve army accommodation during the last ten years, there is still a great shortage.

How great? We really would like to know that.

Paragraph 141 reads:

For a good many years to come, expenditures on construction will constitute a major item in the defence program.

Bless my soul, we all knew that! It seems to me I knew that when I was fourteen. Paragraph 141 continues:

We have to accommodate seven or eight times the numbers we had before the war,—

I should think we would all know that.

—and have much larger requirements for operational units, stores, hangars, training establishments—indeed every type of construction in every part of the country.

Why on earth did the minister waste our time telling us that?

In the closing paragraph on page 32 I find these words:

This network, furnished with modern radio teletype equipment extends throughout Canada and connects Canada with other countries.

Well and good; but I want to know if it extends adequately to meet our needs in case of an attack in any particular area of Canada. There are a good many other things I want to say, particularly as to paragraphs 148, 149, 150, 151 and 152, but I will probably direct my questions concerning them to the minister some time later.

In conclusion, I advise the minister to advise the cabinet, while yet there is time, to go about discovering means of satisfactorily

distributing the goods Canada is able to produce. Let them set to work to find out how to make what is physically possible actually financially possible in this country. As matters are going now we are approaching the time when our production will exceed our consumption, just as it did before the depression both in Canada and in the United States; then the more goods we have the poorer we shall be, just as we were at that time. Everyone must realize that this statement is sound.

What are we going to do about it? That is the question. Are we going to tinker along with the outmoded philosophies of finance that have filled the minds of the ministers up to the present time, or is it possible for them finally to grow some new wood? When they have learned how to distribute our surplus goods in Canada then let them tackle the problem of how to distribute Canada's surplus goods to the various nations which need them because they are starving, whether or not those needy nations are able to get our dollars with which to pay for them.

When they have finally discovered how to solve this problem let them send a delegation to the United States to talk to President Truman and other men there who are concerned with the same question. Let them inform those people what they have found, and they will make a genuine contribution toward the removal of the major cause of war, and will be putting themselves in line to reap the reward of that hope which General Bradley expressed as being a possibility in our time.

I shall say no more at the present time, Mr. Chairman, but shall probably have something else to say later on.

Mr. D. S. Harkness (Calgary East): Mr. Chairman, at the outset of my remarks I should like to quote two short sentences from the Mainguy report, as follows:

> Although this report in the very nature of things is bound to be critical, it must not be assumed that there are not many reasons for great national pride in the achievements of the Canadian navy, past and present, and in the men who inherit and guard its traditions.

Then a little further on:

> If, therefore, we have stressed what is wrong, it should not be forgotten that a great deal also is overwhelmingly right.

If we substitute for "report" the word "remarks" or "criticism", and for "Canadian navy" substitute "defence forces," these two sentences I think will apply to what I have to say, and I think to most of what may be said by members of the opposition. My conception of our job is that we should point out to the government what we think is wrong with our defence policy and our defence forces, and offer suggestions as to improvements which may be made. This makes it necessary that our remarks be critical.

In going about the country, in railroad compartments, people's homes and so on, when any general discussion of the question of defence comes up I have found that ordinarily three questions are asked. First, what is our defence policy? Second, what commitments have we for defence under the Atlantic pact? Third, have we the forces we need to meet those commitments? The people of this country as a whole do not know what our defence policy is. I am not too sure that I know what it is. Certainly I do not know the answers to the other two questions, nor do I think they are known to any members of this house, except the members of the government. It seems to me one of the first things the government should do is announce to this country what our responsibilities are under the Atlantic pact. Having definitely outlined those responsibilities, then let them say what defence forces we have to meet those responsibilities. If that were done I am sure it would be much easier to get the men required for our defence forces, both permanent and reserve, and I think the government also would have the full support of all the people of Canada in the expenditures it might be necessary to make in order to meet those commitments. As it is, the general public do not know the answers to those questions. As a result there is a great lack of enthusiasm on the part of the young men of this country toward military service.

At six o'clock the Speaker resumed the chair and the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

ALBERTA NATURAL GAS COMPANY

The house resumed, from Friday, November 4, consideration of the motion of Mr. Maybank for the second reading of Bill No. 66, respecting Alberta Natural Gas Company.

Mr. Ray Thomas (Wetaskiwin): To go on, Mr. Speaker, with my third and concluding speech of the current series on this Bill No. 66, last week I mentioned the fact that the life of the Turner valley oil field had been cut down considerably by the lack of foresight with respect to the conservation of the gas, and the fact that the life of the field is now estimated at approximately ten years. The requirements of the cities of southern Alberta have been jeopardized to such an

extent that, in the very near future, they are going to be forced to pipe gas down from the newer oil fields in northern Alberta.

So much for the wastage of the gas itself. There is another and probably more important reason for the conservation of the natural gas. This gas is used for the bringing up of the oil to the surface; it is estimated that for every barrel of oil taken out of the older fields, nine remain in the ground because the pressure of the natural gas has been used up by the wastage. Contrary to common belief, the oil does not appear in pools or lakes under the surface; rather, it comes in a porous rock which looks much like honeycomb. When your well is drilled, the natural gas pressure which has been building up over a period of millions of years forces the oil up into the well. As the pressure diminishes, the pressure of the salt water forces it up in between the oil in the porous limestone of the well itself. As a result, you have nothing left except salt water in your well.

The gas pressure comes in two different ways. The first is in a pocket of gas above the oil-bearing rock. The second type is dissolved right in the oil as a result of pressure. When the well is drilled the pressure is relieved and the gas naturally forces the oil up into the well. In the case of a gas pocket, gas may be retrieved at the well head, forced back down by means of pressure pumps, and used again to create sufficient pressure for the bringing up of the oil.

A recent survey made by the Gulf Oil Company has placed the known reserves in Alberta at 2,000 billion cubic feet. That sounds like a large amount of gas, but actually when the needs of the oil industry are considered, it is not a great deal. What gas we have must be conserved until we are assured that we have sufficient for our own needs and for the proper oil production.

There are some members, Mr. Speaker, who possibly think that I have been attempting to talk this bill out, but that is not true. My main point in speaking on this bill is to show the need for proper conservation methods. As for the incorporation of this company or any other company like it, we have no objections. We are in favour of incorporating any number of these pipe line companies. We have full confidence in the Alberta government and in the Alberta conservation board, and in their ability to determine how much of the gas may be exported out of Alberta to other parts of Canada and, after the Canadian needs are assured, how much may be shipped outside Canada to consumers in the United States.

[Mr. Thomas.]

Mr. O. L. Jones (Yale): In rising to speak on this bill, Mr. Speaker, I wish to make it perfectly clear at the outset that I do so in what, to my mind, is the best interest of British Columbia. I know that one member from British Columbia expressed fear that Vancouver would not get the gas if this bill did not go through. Unlike that member I feel that, if this bill goes through in its present form, Vancouver will not get the gas inasmuch as it would be at the tail end of any proposed pipe line. I am therefore speaking more as to the route through which this pipe line is to go to the coast than as to the product to be carried through the pipe line.

I could possibly rightly and properly take up the question of who owns the gas and whether it should be handed over to private enterprise or whether it should be distributed by the government of the province of Alberta or the government of the province of British Columbia; but I am not going to do that. I feel that the interests of British Columbia are paramount, and to my mind they definitely come before the interests of the states of Oregon and Washington. I am convinced that our best interests are not served if this line goes, as is proposed, through Kingsgate and through the states that I have mentioned. The location of this line is as important today as was the location of the Canadian Pacific Railway eighty or ninety years ago. I understand the minister made the statement that he wants the gas to go to the best available market. But I am satisfied that if the people who plotted out the route for the Canadian Pacific Railway in those days had sought a market instead of service, they too would have gone through the states of Oregon and Washington because the facilities and the type of terrain were far better suited to a cheaper line to the coast than the one through the Rockies. But that thought was far from their minds. They wanted to develop their own country. I feel that this pipe line today must be used to develop our own country, and particularly the province of British Columbia. The future development of that province depends on this line. I am selfish enough to feel that the industries that will follow in its wake should be developed in our own country rather than in the United States. I am also satisfied that the company could possibly save a few million dollars, but I believe that the few million dollars they would save would not be more than 10 or 15 per cent of the total cost of the line; and this amount, taken over the period of years during which it will operate, will be a mere nothing. Any profits that may be lost in the immediate present will be more than

retrieved by the shorter line going through Canada compared with the one going through the states.

Then there is the question of maintenance and the cost of construction. These bring immediate valuable revenue to one country or the other. It will run into millions and millions of dollars. It will mean the pipes, the fittings, the labour in putting the pipes down, the labour in maintaining it and the labour in distributing it over a good many years. We can do with that labour in Canada, we can do with that outlet for labour, and we can do with the revenue that will be derived from the pipe line going through our own territory.

As I said, if the Canadian Pacific Railway had taken the same stand we would not have the flourishing valleys of the Kootenay, the Fraser and the Okanagan in the interior of British Columbia that we have today, and the country as a whole would have lost out. I am satisfied that the Consolidated Mining and Smelting Company in Trail, one of the biggest undertakings of its kind in the empire, would not have been established there, neither would it have flourished in British Columbia, if it had not been for the Canadian Pacific Railway giving it the necessary service.

Then we have the wealth that has been developed in the interior of British Columbia. That too can be directly attributed to the facilities offered by the railways in bringing in labour and machinery and taking out the raw material to be manufactured or processed as the case may be. The government of the day saw the possibility and their foresight has paid dividends ever since.

As I pointed out, I regard modern transportation as being streamlined by the use of the pipe line, and the route is just as important as the railway was. Along this route I can visualize many townships and developed municipalities bringing vast wealth to the interior of British Columbia, wealth that we know is possible through the actual presence there of fine lands, fine timber, fine mines and everything that goes to make a country prosperous. Surely that would be in the best interest of our own kith and kin in our own province.

A factory established in the Okanagan or in the Fraser valley would contribute far more to the welfare of this dominion, and particularly to British Columbia, than one established in Spokane or Wenatchee. That brings to my mind the saying that the city of Spokane was built on the wealth of British Columbia. That is practically true because that city was built on money invested to exploit our natural resources in the early days, both timber and mines. Today it is a flourishing city. Similar cities may well be duplicated by this pipe line. That is one reason why I am going to fight to have this pipe line go through our own country. It is a modern Aladdin's lamp that conjures up new industry and contributes to prosperity.

I am not opposed to the sale of this product to our friends across the line. Neither will an all-Canadian route prevent their purchasing it, but it would mean that the line would enter the main consuming points in the United States from Vancouver instead of ending at Vancouver. I do not have to go into detail on that point because I think it is fairly obvious that the dead end of a line—it does not matter whether it is gas or oil or anything else—usually gets what is left after all the other customers have been satisfied. In this instance the last customer would be the cities of Vancouver, New Westminster and possibly some of the Fraser valley towns.

It is quite possible that the supply of this gas may peter out. I was pleased to hear my hon. friends tell us of the vast resources particularly of gas that are known to be in Alberta. If a shortage did arise and the service had to be cut, the cut would take place toward the end where the greatest cost of transferring the gas arises. The obvious place to cut would be on the last place to be served. Therefore Canadian consumers would be cut off from supply first. That would be the cities of British Columbia. I do not blame the company. They may or may not have to do it. I am assuming that if such a condition did come about British Columbia would suffer.

The Canadian consumers have a stake in this. I feel that Canada, when she develops her own natural resources, should have the first chance to use them. We can be generous because we cannot possibly use more than one-third of it, and we would give two-thirds to our neighbours. But let our neighbours take their turn, as we have for many years taken our turn on fuel oil, gas and anything else that we get from them. They too have been generous. We can be just as generous, but they looked after the United States first of all.

This bill would have my full support if it was changed to contain a clause that the line will traverse Canadian territory all the way to Vancouver and then cross over from Vancouver to Tacoma, Seattle and the towns that they have in mind. I say that because of the added revenue that will be derived from the line going through our own dominion. I mentioned some of the added revenue that would come along from the pipes themselves, namely, the valves and fittings that would be manufactured in this country. Then there

is the cost of maintenance which is an annual cost. But added to these is the potential increase in our actual income from definite industries that will be set up along this line.

So far as I am concerned it has not been made clear, if this pipe line goes through the state of Washington and the product re-enters British Columbia from a distributing point in Tacoma or Seattle or somewhere in between, whether the price to the Canadian consumer would be on the United States dollar basis, which would be to our detriment because we would have to meet that 10 per cent penalty; or whether it would be conveyed through in bond, as it were, to Vancouver and sold at the Canadian price. This point has never been made clear. But I would presume that logically the United States distributor at the point in Washington would redistribute to Vancouver, billing the Vancouver purchaser for the price of the gas plus the exchange value of the dollar. I believe it would be quite logical for them to do that because after all the United States businessman is in business for the profit there is in it. He is not going to sell at a loss to Canada if there is a difference of 10 per cent in the value of the money.

On the other hand, by delivering through Vancouver to the United States we would be charging the full cost of transportation from Alberta to Vancouver, and not only the full cost of transportation but all the other costs of handling at the distributing points. Then we would be distributing through a Canadian point rather than through a United States point.

Presumably there is a charge of so much per mile for conveying the gas, and that cost per mile would remain in Canada; otherwise it would be paid by Canadians to the United States part of the line.

In the Ottawa *Citizen* of November 2 an item appeared which was taken from the Medicine Hat *News*, which was obviously written by someone with a sound knowledge of the situation and a full appreciation of the potential value of our Alberta gas as an empire builder. Unfortunately this visionary empire is south of the border. I should like to quote from this item:

> It may be that a deal will eventually be arranged between Alberta, Ontario and the federal authority for a reciprocal export-import arrangement whereby Alberta gas will be sold to Oregon and Washington on an exchange basis for Texas gas to Ontario. This would be a scheme on a national basis which would ensure that Canada as a whole would obtain benefit from Alberta natural gas deposits.
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> The same sort of exchange seems to be taking shape in the background of oil developments.

It suggests that Canada as a whole does not include British Columbia. Gas is going to the state of Washington, and in return the province of Ontario is to receive gas from Texas. They talk of Canada as a whole. That is the point I wish to make.

Time and again we have sacrificed the west for the benefit of the eastern provinces. Maybe we are in the backwoods. Maybe we lose contact with what is taking place. But here is a definite plan, outlined by someone who thinks he knows what he is talking about, to use British Columbia, to sidestep us by taking gas to the coast, ignoring our need and making a deal whereby the province of Ontario would benefit. The article mentions that it would serve specific populous markets. These markets, it points out, do not exist in western Canada.

This may be quite true. It was true when the railway tracks were first laid. I understand that when those tracks were first laid across the prairies there were just a few buffalo, some sagebrush and very little else. But they had vision. I know they had no markets when they started out; and if the markets had not come and the country had not developed there would have been millions upon millions of dollars wasted in a futile effort in taking transportation to the west. But we know that you have to start somewhere.

The same argument applies here. While at the present time we have not the necessary markets in the west, there is no doubt in my mind that those markets would spring to life immediately if given a lifeline and the wherewithal to come to life. The railways led the way then, and I think the pipe lines can very well lead the way today. From the company's point of view, they would still have the west coast market. They would still be able to serve the very market they now seek to serve, from Tacoma to Seattle.

All we are seeking is an all-Canadian route to give that service. Then, the second part of the article I mentioned deals with the suggestion of a deal which would give the final knock-out blow to our hopes in British Columbia. I cannot agree with the article when it refers to benefit to the whole of Canada. Neither can I be convinced that benefits to the states of Washington and Oregon are direct or indirect benefits to the Dominion of Canada.

Concentration of industry in the east has been a handicap in the development of the west. I am glad to hear and to see that certain firms are now opening up branches in the west, realizing that this handicap has been placed on our backs for too long. Not only that, I consider British Columbia has the greatest untapped reserve in this dominion; and we cannot tap that reserve and develop it until we have something like natural gas with which to do it. Climate, as we know,

is good out there all the year round. Our industries can function all the year round without handicap in winter and summer.

I come to another point. The companies claim that the cost per mile would be much greater—I understand around 15 per cent. But I should like to point out that traversing the route suggested, through Kingsgate, through the northern part of the state of Washington and to the distributing point outside Seattle would be 1,331 miles, while the all-Canadian route, following the railway, would be 940 miles, or roughly 400 less. That would take care of a good deal of the extra cost per mile in laying down the pipe line. I am not qualified to say what that extra cost would be. I understand the pipe is to be placed underground.

Then there are certain difficulties in connection with pipe lines. For instance, it is a favourite sport of hunters to take a pot shot at a pipe line almost anywhere, whether it be in the United States or in Canada, or Iraq. Hunters will always take pot shots at pipe lines, with the result that there is a tremendous upkeep cost, and patrolling must be done. There would be fewer chances of such damage along the route in British Columbia than along the other route, and it is a shorter distance.

In conclusion let me make it perfectly clear, especially to those interested in the idea of having this pipe line, that I do not know the personnel, that I do not know where the capital is derived from, and that I am not very much interested in those points. All I am interested in is to fight for the province I represent—and I intend to do all I can in that way.

Here we are going to hand out a valuable asset, one which if properly handled can build up an empire. We are going to hand it, not to an enemy, true, but to a friendly competitive nation. But we have done this so often in the past—we are doing it with our pulp, with our concentrates and with our wealth in general—including our gold. The profits to be derived from the development of our raw materials and our natural products are thus turned over to a friendly nation, rather than retained in our own.

For this reason I am going to ask that this bill be held up until such time as the promoters of the scheme accept a provision whereby the line will go through dominion territory all the way to Vancouver. I should like to see this put to a vote. And if it is put to a vote, I should like to see it put to a democratic vote.

Some hon. Members: Oh, oh.

Mr. Jones: I mean a free vote is not a vote starting from the leaders of the parties, but starting in the back row and going right around and finishing with the leaders of the parties, letting members vote as they wish. I am afraid most of us vote just as indicated.

If a free vote were given I am satisfied hon. members in this chamber would see the point I am trying to make, that we are either going to give away an asset to a friendly nation, or retain and develop one of the most prosperous, and potentially more prosperous, provinces in the whole of the Dominion of Canada.

Mr. John Hunter (Parkdale): Mr. Speaker, it was not my intention to speak on this bill or any other pipe-line bill. I have no personal interest either in the five bills passed last spring or the two which have come before the house at this session. However, in view of events which have taken place in the house in connection with these bills, I do wish to express my personal opinion upon them.

I believe there has been an entire misconception of the purpose of the bill before us, and the others preceding it. If one were to incorporate a public company under a provincial or the dominion companies act, provided one were not asking for something unlawful, the charter would be automatically forthcoming. Then it would be up to the applicant to qualify his shares before the securities commission before he was allowed to sell them to the public. That is the normal procedure. There would be no reason to refuse a charter to anyone.

But in the case of a pipe line company under the Pipe Lines Act it is required that a company be incorporated by act of parliament. There is a direct reason why it should be incorporated by act of parliament, and it is that these companies are given very considerable power, particularly in the field of eminent domain. That is, they have power of expropriation under the Pipe Lines Act. Accordingly it was considered desirable that companies of this kind should be incorporated before parliament so that in each case they could be examined if necessary, and a decision could be made in order that the act might be passed. Five of these acts were passed at the last session and, although I have not compared them word for word, I think they are all identical with this bill. They were all passed pursuant to the Pipe Lines Act and the wording in the separate acts followed the wording in the Pipe Lines Act. However, when those bills came up before the house no opposition was raised to the incorporation of those companies.

If this bill is passed by parliament it merely means that a legal entity is established. It seems that certain members of this house have decided that this company shall

remain stillborn, shall never be given a chance to mature and grow up. I ask those hon. members to reconsider their attitude. Surely if five companies have been incorporated pursuant to the Pipe Lines Act any other people applying for a similar charter should be entitled to enter into this competitive field. It does strike me as being most unfair and discriminatory that at this stage we should say that this bill should not be passed and that the five legal entities already in the field should have a complete monopoly.

I stress again that I have no personal interest, legal or otherwise, in any of these companies, but I do think it would be establishing a bad precedent to refuse incorporation to this or any other company. There are many things that must happen once the legal entity is established. The company would have to go to the relevant board and cabinet of the province in question to obtain the necessary authorization. Similarly it would have to go before the board of transport commissioners to obtain approval to construct the pipe line.

It was intended that the Pipe Lines Act should guide the lives of these companies and that that authority should be vested in the board of transport commissioners, not in this parliament. I should like to read the relevant parts of section 11, which are as follows:

> A company shall not, except as in this act otherwise provided, begin the construction of a section or part of a company pipe line, until,
>
> (a) the board has by order granted the company leave to construct the line;
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> (b) the plan, profile and book of reference of the section or part of the proposed line have been approved by the board;

Obviously the board of transport commissioners has control over these companies, not parliament. It is quite clear that the purpose of the Pipe Lines Act was not to have parliament supervise every last detail of the incorporation of these companies, but to have parliament incorporate the companies and then leave the direction and control over the companies to the board of transport commissioners.

It would appear to me to be most unfair and discriminatory to attempt to talk out this bill at this stage. This is the normal procedure. The only difference between an incorporation under this bill and an incorporation under the Companies Act is that control over the company is given to the board of transport commissioners. I would not suggest for a single moment that hon. members of this house were interested in this or any other bill, but I do suggest that if they were interested parties to bills of this type their action would closely resemble the action we have witnessed in this house. I ask hon. members to reconsider the fundamentals of this thing and decide whether in fairmindedness and fair behaviour they should not say: If this bill is in proper form, it should have our approval.

Mr. Cruickshank: I did not interrupt the hon. member when he was speaking, but I should like him to name the five companies which were incorporated last year to transport oil and gas to the west coast.

Mr. Howe: Why not let him look it up.

Mr. Cruickshank: You make your speech and I will make mine.

Mr. Hunter: I would refer the hon. member to chapter 27 of the statutes of 1949, an act to incorporate the British American Pipe Line Company; to chapter 34, an act to incorporate Interprovincial Pipe Line Company; to chapter 36, an act to incorporate Trans-Northern Pipe Line Company; to chapter 37, an act to incorporate Westcoast Transmission Company Limited; and to chapter 38, an act to incorporate Western Pipe Lines.

Mr. Cruickshank: I hope I am not transgressing on the time that would be allotted to me to speak when I ask these questions.

Mr. Speaker: No more questions can be allowed at this time. Is the house ready for the question?

Mr. E. D. Fulton (Kamloops): Mr. Speaker, I think there are some further observations which should be made before the question is put. As I understand it, the purpose of the bill before us is to incorporate a company whose objects do not appear clearly in the bill. When I say that I have in mind that the route proposed to be followed and the points from which the gas will be collected and delivered do not appear in the bill we are discussing. In this connection I should like to support what was said a few days ago by the hon. member for Vancouver-Quadra (Mr. Green), that before the house is called upon to approve or disapprove of the principle of this bill permitting the transportation of natural gas which originates in Canada we should know clearly where the gas is to be sold and the route by which it is to be transported.

I make these observations because I believe in the principle which has been stated by many hon. members in the past, that the natural resources of Canada should be made available to and preserved primarily for the people of Canada. It is on that principle that I base the remarks I intend to make tonight in connection with this bill.

Although it is not immediately apparent from the terms of the bill, we understand that this company will gather the gas in southern Alberta and take it by pipe line

through the United States to be distributed to cities there; then if anything were left it would be taken to the Pacific coast city of Vancouver. Not only will the route by-pass the interior of British Columbia; the users in Vancouver and other cities in the province will have available only what gas is left over after the needs of the points in the United States have been fully supplied.

The hon. member for Yale (Mr. Jones), who preceded me in this debate, made what I think were pertinent references to the history of the development of the western part of Canada. One of the features which stand out in that history is that if the founders of Canada, the pioneers of the nation, had not had faith in its future, which faith was not justified by the previous development of the country but was founded upon their determination and belief that they could and should build a great nation north of the 49th parallel, this country would not have existed today as a separate entity. I think we would be somewhat untrue to the faith and determination of those who went before us, and who built the nation, if we did not hold true to the principles they laid down in the days when the tasks and difficulties of constructing the country were so much greater than those which we face today.

In taking the position that Canadian resources must be reserved primarily for the development of Canada, one is not necessarily adopting a selfish or unreasonable attitude, and it should not be regarded as a slight to the United States of America. In fact it is nothing more than taking a lesson from the history of the development of Canada. We know quite well that the Canadian Pacific Railway, to come down to cases, would not have been built if it had not been that the fathers of confederation, those who insisted that Canada should exist as a separate nation, said that the lines of communication in the northern half of this continent should run east and west rather than north and south. They took that stand in spite of most serious obstacles, and carried it out in building a railway through the barrier of the Rocky mountains on to the Pacific coast.

As a result of their vision this country came into being, and the dream of confederation was eventually completed by the addition of the Pacific coast province as a part of Canada. It is not necessary for us to go back into history to remind hon. members of the fact that at one time it was somewhat questionable whether that Pacific coast province, or the southern portion of it at any rate, should belong to Canada or by virtue of geography to the nation south of the 49th parallel. In the same way that the country was built up and came into being because of the determination to build a nation from Atlantic to Pacific, I think that we should insist upon developing that nation from the Atlantic to the Pacific and serving our people before we allow our resources to be diverted south of the border.

The hon. member for Yale has mentioned the potentialities of the province of British Columbia, climate, resources and people, affording a great natural market for industrial development. Such development has not taken place at the rate which we would desire to see, because of a combination of two factors. It is rather like the old question of which came first, the chicken or the egg. Must you have the population first in order to attract heavy industry, and after heavy industry power and other factors which will create an industrial economy, or must you have power and communications first in order to build up a population which will support the heavy industries that people have the vision to establish there? In my view, Mr. Speaker, the history of Canada shows that it is communications, power, transportation, which invariably come first in this country.

That has been the history of the development of the west. It was the history which followed upon the building of the Canadian Pacific Railway. It was the history which followed upon the building of the Canadian Northern, the Canadian Northern Pacific, and the Grand Trunk Pacific railways. While it is certainly true to say, particularly of the last three railway systems, that they fell upon hard times and for many years did not pay, and that it was necessary eventually for the dominion government to take them over and amalgamate them into the one Canadian National system, is there anyone in the house who will say that the country was badly served by the vision, inspiration and determination of the men who built those railway lines in advance of the actual population requirements? I am quite certain that no one will say the country was badly served, although it is perfectly true that these railways did go through a most difficult period before they were amalgamated and made into a paying proposition.

Anyone who is familiar with the history of the western area of Canada knows full well the part the railways played in the development of the country, and that at the present time they are paying lines because population, industry, agriculture and the economy generally have been built up to a point where they support and make it possible for the railways to be a revenue producing proposition in the same areas where at first they were bankrupt.

We from the west coast province believe that it is capable of much greater development in the future than has taken place in

the past. We know the resources of the area; we know its potentialities; we know the great untapped areas which have not yet been subject to any development at all. Because we have contributed in the past to the development of the rest of Canada, because we have paid our willing tribute as a part of Canada to the predominantly industrial sections of the central part of the country, Ontario and Quebec, we feel it is not unfair for us to request that these portions of Canada, which have benefited by the advantages we were able to contribute to the development of confederation, should bear their share in developing the undeveloped parts of our province.

Although, on the basis of strict economics, it may be somewhat less profitable to insist that these pipe lines should be constructed through Canadian territory, and should serve Canadian markets, I leave the thought with the house that the development of a nation, if one has a patriotic idea of that development, never proceeds upon a basis of straight economics. If we had proceeded upon such a basis in the past Canada would not be an independent nation today. We believe Canada can become a much greater, more powerful and more independent nation than she is today, standing on her own feet, if she follows her own course of development. Because we believe in that and because we insist upon that, as far as we in the west are concerned, at any rate—and in this respect I certainly believe I can speak for my constituency—we feel that these pipe lines should serve Canadian markets and Canadian consumers before our resources are made available to those south of the border. Not being satisfied upon that point, I must oppose this bill.

Mr. G. R. Pearkes (Nanaimo): Mr. Speaker, the constituency of Nanaimo may not appear to be directly affected by this bill, because it is on Vancouver island and I do not know whether it would be possible or practicable to pipe this natural gas under the strait of Juan de Fuca to that island. However, I do know that the prosperity of Vancouver island depends very largely upon the prosperity of the city of Vancouver and the great hinterland of British Columbia. We are largely dependent upon the tourist trade, and that is not composed entirely of foreigners coming to our island. We are delighted to welcome people from other parts of British Columbia and other parts of Canada who come to enjoy our scenery and take advantage of our facilities for such sports as fishing, mountaineering and so on. Many people from the great cities of Vancouver and New Westminster spend their week ends and their holidays on Vancouver island, and particularly in my constituency. Their ability to come over to our island and enjoy the advantages we are able to offer depends entirely upon the prosperity of those two cities; and anything that will enhance that prosperity naturally reacts to the advantage of the people of Vancouver island.

So it seems to me that if in these somewhat difficult times we can make available to the people of the metropolitan area of Vancouver our natural resources, which can be transported there direct from another province, it will not only help the interior of British Columbia but will also benefit the pleasure resorts of Vancouver island. From the little I know about natural gas, I believe that when it is piped it can be tapped anywhere along the line and much of the gas can be diverted before it reaches its ultimate destination. Therefore I feel that we should route this pipe line direct from Alberta to the great cities of the Canadian Pacific coast instead of sending it through the friendly northwestern United States and allowing the huge cities of the states of Washington and Oregon to have first chance at this Canadian product which many of us believe should be developed for the benefit of Canadians rather than the benefit of those of another country, no matter how friendly that country may be.

I have travelled by motorcar, by train, by aeroplane and on foot over a great deal of the territory lying along the boundary between Canada and the United States, and I do not believe there are any insurmountable obstacles to a pipe line following the all-Canadian route. As has been pointed out already by previous speakers, that route is shorter than the United States route. It is not as well known or as well travelled, but that is largely because the roads are not so good.

Mr. Speaker: Order. The hour for private and public bills having expired, the house will revert to the business under consideration at six o'clock.

HOUSING

TABLING OF CORRESPONDENCE WITH PROVINCIAL GOVERNMENTS

Hon. Robert H. Winters (Minister of Reconstruction and Supply): If I might have leave to revert to motions, Mr. Speaker, in conformity with an undertaking I gave the hon. member for Eglinton (Mr. Fleming) at page 1318 of *Hansard* to table correspondence with the provincial governments in respect to housing, I now table that correspondence with all provinces, going back to the Prime Minister's letter to all provincial premiers dated March 2, 1949.

SUPPLY

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

DEPARTMENT OF NATIONAL DEFENCE

239. Grants to military associations, institutes and others, as detailed in the estimates, $227,150.

Mr. Harkness: Before the house rose at six o'clock, Mr. Chairman, I had been saying something about the three questions I found being brought up most frequently by the general public as far as defence matters are concerned; that is to say, what is our defence policy, what are our defence commitments under the Atlantic pact, and have we the forces to meet those commitments. Now I should like to go on and say something in reference to our defence policy.

I suppose the seven points the minister gave us this afternoon summarize our defence policy and give it as clearly as it has yet been placed before this house or the public. I presume those seven points are included in the white paper the minister tabled today. I am sorry I have not yet had an opportunity to see that document, and I shall certainly be most interested in reading it. However, I jotted down those points as the minister gave them. The first five were what might be called more or less general; that is, that the only possible aggressor is Russia; that any war would be a world war; that the best way to prevent war is to have strong forces; that in order to have strong forces with which to prevent anything in the nature of Russian aggression we must have the co-operative strength of the western world; and that Canada welcomes the Atlantic pact as giving that co-operative strength definite form. Then the sixth and seventh points might be said to be those under which the practical details of our defence policy would fall. We have had statements in this connection at various times. Roughly it comes down to this; that what Canada requires is a small but highly trained and efficient navy, air force and army, the navy capable of doing convoy, anti-submarine and anti-mine work, and the air force and army capable of meeting any diversionary raid. In other words, as the Ottawa *Journal* has in its headlines, "Sneak Red Attack Canada's No. 1 Defence Worry." That headline pretty well sums up the situation. The question whether the army and the air force are in a situation to meet a sneak attack of that sort is one which I shall come to a little later on.

In addition to these permanent forces which I have been dealing with up to this time, however, there is also the question of the reserve forces. As to the navy and the air force, the reserve forces are comparatively small and, as far as I know, the plans do not envisage large reserve forces for those two arms of the service. But the plans do envisage fairly large reserve forces for the army, running to a strength of five or six divisions, and in the event of emergency capable of rapid expansion into a strong hitting force which could be used for fighting wherever the theatre of war happens to be—and which everybody hopes will be, as the minister said this afternoon, as far away from Canada as possible.

During past sessions, and particularly since the post-war defence force was brought into being, we have directed various questions to the government with the general object really of finding out to what extent this force, about which the minister was always talking and to which a great deal of publicity was given, was in being; in other words, whether we had a navy which could do its job and whether we had an army and air force which could do the job, or whether we had not. The general impression given was that we had those forces, that we were all right and that in the event of one of these sneak attacks it could be repelled, and so forth.

In speaking on defence in the budget debate, the minister said that he had answered all questions which had ever been asked in connection with these matters, except one which I happened to ask and about which there was some question last year. I do not want to get into any argument about the number of questions that were not answered. I can assure the minister that I could turn up a few others that were not answered. I must say that, as to questions which were asked by me and which were not answered orally here in the house or in writing in reply to the written questions on the order paper, the minister or his parliamentary assistant of that time would frequently come to see me or telephone me and say: We will not give this information in the house, we will not put it in the form of a written answer, but we will give it to you privately. I wanted to say that, in order to be completely fair in this matter. That happened frequently; but there were some cases in which it did not happen. In spite of what the minister has said to the effect that he had answered all questions, the fact remains that the answers given orally in this house, the written answers given, and the information given to a person privately when he wants to ask a question about some particular thing, such as the number of tanks we had or something else, are not sufficient to give any member of the house, and particularly the house as a whole, any complete, good, balanced picture of what the situation is with regard to our defence forces.

In this general committee of the house it is impossible to get sufficiently detailed information. For one thing, ordinarily we cannot take enough time to get it. Only today we were informed that it is hoped that the session will be over by December 3. We have some thirty or forty bills still on the order paper, and we have practically all the estimates yet to be dealt with. In this general committee it is impossible to get the detailed information which is necessary to give any member of this chamber the knowledge that he should have in order to be able to consider intelligently the situation with regard to our defence forces. This inability of members to get information is, I think, to a large extent the result of the set-up, the way our business is done here, and so forth. That is one reason why the members of this party for some three years now have been pressing for a defence committee of this house to be set up, in which we could see the heads of the services, could get the detailed information that many of us would like to have, and could find out what our situation is.

To leave that point, Mr. Chairman, the contention of several of us on this side of the house in the past has been that we did not have the defence forces which the general public and in fact the house had been led to expect that we possessed; and our contention is that in fact we still have not those forces.

As to the navy, in spite of the Mainguy report I think it is probably an exception from that point of view. As far as I know, I think the navy is a fighting force in being. In other words, it could go out tomorrow and fight. If it were given a week, ten days or a month, it could probably fight fairly efficiently. There might be some ships which were not in good shape; nevertheless so far as I know, it is a fighting force in being. In spite of certain deficiencies which have been shown up in this report, in the navy I think we probably have something like what we have paid for and what we should have.

When we come to the army and the air force, I do not think that situation has prevailed during the past three years, and I do not think it prevails at the present time. As far as I know, the fighting units in the army and air force are lacking in trained personnel, and are particularly lacking in equipment. They could not go out and fight tomorrow; they could not go out and fight in a week's time; and unless the equipment were forthcoming in fairly short order from the United States or some place else, they would not be able to go out and fight in several months' time.

In my opinion, that is not good enough. Under the defence policy as enunciated by the minister, we were supposed to have an army and an air force capable of meeting any diversionary raid on this country. Last session and the session before we were assured that we had a force designed to do that, and that we had an airborne brigade group. As a matter of actual fact, as I say, I do not think we have that. I think the members of the house should be able to get the information required in order to know whether we have a force or whether we have not, and to know just what is the situation.

I should like to say one or two things further in connection with this matter. From the casual information that I have been able to pick up—I have not sought it out or looked for it; it has just come to me because I know a large number of people who have served and are serving in the defence forces —I think considerable progress has been made in the last six or eight months with regard to the army. As far as I know, the number of men has increased considerably, and as a result their training has been considerably improved. I know that about a year ago most of the permanent force units of any size in this country were at half strength or less, as the result of which it was impossible for them to train efficiently; and of course it would have been hopeless for them to attempt to fight. I know also that at the present time at least some of those units are up to full strength; and from what I have been able to see of them, I think their training is fairly good. That is encouraging. As I say, that is just information that, as far as I am concerned, I have gained casually and so on. But on the basis of that I think a considerable amount of progress has been made in the army during the last eight months or so. I am glad of that, but so far as the situation in the air force is concerned I do not know whether there has been a similar improvement or not. One thing I do know is that their equipment situation is still not good.

I should now like to say something about the numbers of officers and other ranks who are employed in headquarters of various sorts. Last year a return was made to a question of mine which is now out of date, therefore I will not bother quoting it. But the number of officers and other ranks in the three services who were employed at National Defence headquarters or at command headquarters or at naval division headquarters was considerable. It was a big proportion of the total number of personnel in all three services. I was glad to see that the Mainguy report took some

cognizance of that and made a recommendation in connection with it which appears on page 61 under "administration." It reads as follows:

> The needs of the modern navy, in general, and the mass of administrative detail, paper work and committee work involved, have placed upon valuable naval officers an undue burden of administrative detail. In Britain the navy commands the services of a number of high-ranking and competent civil servants. Although difficulty may be encountered in creating civilian positions of high enough level and salary to attract the most desirable entrants, we feel that there would be a considerable improvement in efficiency and a substantial saving both in money and in valuable manpower if the British system were followed.

Great benefits would flow to all three services through releasing from office desks here in Ottawa, and at command headquarters and at various other headquarters across the country, a large number of officers and other ranks who are held there at the present time doing administrative detail work. I trust that that is a move which will be made and made just as rapidly as possible.

I have talked to several people in the services about what I would call the top-heavy organization of the defence forces. We have far more people in headquarters, and in things of that sort, than we have in the actual fighting units. Most of them have said, "Yes, it is too bad that is the situation, but unfortunately we must have a headquarters set-up which, if a war broke out, could be rapidly converted to handle a large army of five or six divisions." How are we going to get away from this kind of thing? Since we have to cut our coat according to our cloth—our resources—I think that in the meantime it would be much better to use the manpower available, and the manpower which we can afford to pay for, mainly in actual fighting units rather than having this large administrative and command set-up which will really come into operation and be used only if we raise a large army.

I should now like to deal with the reserve force. To begin with, I should like to pay a tribute to the officers and other ranks who devote a considerable portion of their time to working in reserve units throughout the country. At very considerable sacrifice to themselves in most cases they are doing an extremely valuable work which all too often the general public in their own communities do not appreciate and do not thank them for. Without the counterparts of these men in 1939 I think everyone admits that we could not have mobilized the first and second divisions with the rapidity with which we did, and the subsequent divisions afterwards. They are the people upon whom any large mushrooming of the defence forces, particularly of the army, must be built, and they deserve all the encouragement that can be given them. One of the great difficulties, in fact the greatest difficulty so far as the reserve units are concerned—and it is of the army particularly that I am speaking—is the difficulty of getting men.

When the minister spoke this afternoon he said that the recruiting was satisfactory; that they had been getting all the men they wanted except in the reserve forces. I doubt whether they have been getting all the men they wanted in the last three years, otherwise we would have had the permanent defence force filled up far sooner. We have been trying for about three years now to get it filled up and it is still not filled up. However, I think everybody admits that there has been extreme difficulty in getting men into the reserve units. The recruiting campaigns which have been put on have been flops.

In Calgary we have had two or three army weeks that I remember, during which the various units came down town with pieces of their equipment. This equipment was put in prominent places such as busy street corners and so forth to be seen by the people. Posters were put up. Advertisements were put in the newspapers. Talks were given on the radio, and so on, all designed to draw in recruits for both the reserve forces and the permanent forces. So far as the reserve forces are concerned, these means were just hopeless. Very few recruits were secured as a result of them, in Calgary at any rate. I understand the same thing was true across most of the country.

One of the things I object to is that when questioned on this matter the minister has always said, and this has been going on for the last two or three years: "Our policy is to train officers and n.c.o.'s. We do not care about getting a lot of men in. What we want to do is to train a good solid corps of officers and n.c.o.'s; after that we shall go out and get the men; but that is what we have to do first." That has been a very convenient excuse, a very convenient story, but actually that is all it is. You cannot train officers and n.c.o.'s unless you have some men for them to work with.

It is just a hopeless business having a full strength of officers and n.c.o.'s in reserve force units and have them come down to the armouries once a week and find five or ten men to work with. They get discouraged. There is nothing for them to do in the way of training except to talk to one another. They get discouraged, and in many cases they quit or they come only infrequently. In order for an officer or an n.c.o. to get training he must have some men to work with. That has

been one of the difficulties with the reserve units. They have not had the men. This story that they do not want the men until they get these people trained is just so much eye-wash. Actually a very large proportion of the officers and n.c.o.'s in our reserve force units are men who had years of service overseas during the war. In other words, they were trained men. It is true that the number of new officers taken in in the last year has been increasing, but some of the n.c.o.'s, actually the bulk of them, are men who had a good deal of actual training right on the battlefield. What they needed to keep the units going, to keep them interested, was some men to work with, and they have not had them. There must be some reason for this.

The recruiting campaigns put on have been unsuccessful. I think the basic reason is this. The young men of this country have not been joining the reserve force units in any numbers because they have no real belief that they are needed in these units. They have not been convinced that it is their duty to serve this country in a reserve force unit. I think a considerable number of them are convinced of that fact. They were convinced during the war when they enlisted in large numbers. I believe we are going to have great difficulty in getting any reasonable number of men in our reserve forces. I have one suggestion as to how in my view this could be corrected to some extent. The Prime Minister and the Minister of National Defence might make very definite appeals to the young men of this country to joint the reserve force units, and then follow that up by enlisting the help of service clubs, newspaper editorialists, schools and the like. If this were done we would have much better response than we have had thus far.

The main thing is that these young men have to be convinced that they are wanted, that there is a duty for them to perform; and when they are convinced of that they will come forward to do it. That is one possible way of having the message put over. Certainly to date this has not been done.

I should like to say something next about certain defence deficiencies which were shown up by Exercise Eagle. The minister had something to say about this when he spoke a few days ago on matters of defence, as reported at page 1413 of *Hansard*. I shall not read all he said, but the point he made was that this exercise was designed to test stability and the state of training of officers and men of the P.P.C.L.I., the scale and state of training of the officers and men of the air force, and the work of the staffs which planned and carried out the exercise. He indicated that from that point of view it was a great success. I have no fault to find with that statement. From those points of view it was successful.

However, the minister goes on to say that it was those three things the exercise was designed to test—

—and the reports by my officers indicate that in these respects the exercise was very successful indeed.

What the minister does not say—and should have said, I think—is that whether the exercise was intended as a test of the fact or not, in actual fact it showed that we have not a properly equipped force to deal with a diversionary raid. In other words, it shows that we have not the very things that, as indicated by these newspaper headlines tonight, the minister himself says in his white paper we need—an integrated air force, and army airborne troops, properly equipped to meet a diversionary raid.

It was not intended that this exercise should show we did not have that; I have no doubt about that. Nevertheless it did show it, I suggest, and it is up to the minister's department to make good that deficiency, and to make it good very rapidly.

It also showed up another thing, namely equipment shortages. I am not going to go into the various details concerning aircraft, and so on. However, those equipment shortages were definitely thrown in the public eye. As a result they have disquieted the general public—and that is easily understood.

One of the reasons the country generally was disturbed over the report was as the result of the general impression which has been left during the past two years to the effect that we had an efficient force which could do this very job the exercise showed the force used could not do. Certainly we did not have any better force to use in place of the one used. We had no better infantry battalion and no battalion better trained than the P.P.C.L.I. for airborne operations.

In this connection I would say one further word about a matter mentioned in the Mainguy report, namely shortages of kit. At page 54 a paragraph deals with shortages of kit for those newly entering the navy. I do not know why there should have been such shortages. We had large quantities of naval clothing and the like during the war. There must have been a great deal of that on hand. And if we did not have it, surely there has been plenty of time in the period since, if stores were exhausted, to get new ones.

I find it difficult to understand why it was impossible to equip these people, or to re-equip them when their stuff was worn out—kit, clothing and so on. This should

not have happened. What is the state of affairs in this connection so far as the air force and the army are concerned? Are they similarly short of kit? If so, why? Certainly if an emergency of any sort were to develop and there were a shortage of kit for permanent force personnel, it is easy to envisage the bad situation we would have.

I remember that when we were mobilized in 1939 the men of my unit went around without uniforms for a considerable length of time. There were no uniforms for them at all; and this condition was not corrected until the first issue of battledress came along in November, I believe it was, 1939. There should not be any repetition of that; there is no need for it, particularly with the large amounts spent for defence purposes at the present time.

I would also mention the provision of armouries. A considerable number of reserve force units have been badly handicapped in their training and recruiting because of lack of armouries. I know the construction of armouries has become difficult because housing and barracks accommodation have had prior claims. However, I would ask the minister to meet this need for armouries accommodation as rapidly as this can be done. Particularly would I recommend the provision of small or makeshift armouries in small places where there is considerable interest in reserve force units and where they have been carrying on under extreme difficulty. I believe it would be possible to give a considerable number of these places armoury accommodation without any great expenditure of either funds or materials. In many cases all that has been asked by these people is that huts on abandoned air force stations, and the like, should be moved over, rebuilt and adapted to their purposes.

I should like to make reference to some remarks of the minister concerning unification. At page 1415 of *Hansard* he took a good deal of credit to himself for the speed of unification, and stated:

> With regard to organization, I believe I can say without fear of successful contradiction that in the work of unification, co-ordination and the streamlining of our forces, navy, army and air forces, the Department of National Defence of Canada has made more progress than any other country in the world.

I do not doubt the truth of that statement. However, I suggest it is not a matter for great congratulation on the part of the minister. I do not know why we should not have made more progress than any country in the world: we had far less to unify. It is quite clear that the less by way of forces we have to unify, the more rapid progress we can make in that regard. If we have only one ship and one squadron of aircraft and one army battalion we can unify them in short order. The reason we have been able to make more rapid progress lies in the fact that we have had so little to unify.

In the same speech the minister dealt with a request made by the leader of this party, and many other members of it, for a defence committee of the house. As reported on page 1414 of *Hansard* the minister said:

> I would welcome a committee on defence or anything else, but I do not believe that is the proper method of conducting business in parliament or of running the defence forces of this country.

I should like to make it clear that in asking for a committee there was no thought that the committee would be running the defence forces of this country. No one ever had that in mind. The purpose of the committee would be to get information to enable hon. members of the house to see the full picture of the defence situation. Any idea that the minister or his officials may have that it is being suggested that the committee would take over the running of the defence forces is completely wrong.

Before I close I should like to say something about civilian defence, a matter about which I spoke at considerable length a year ago and more briefly during the throne speech debate. It is a matter on which this house has never had any information so far and I should like to ask the minister to make as full a statement as possible on what has been done and what is being done in this connection. I know that General Worthington was appointed civilian defence co-ordinator and has been travelling about the country as well as going to the United States and Europe to study civilian defence methods that are being followed. I know General Worthington, and I am sure he is doing a good job, but I should like to know how much support he has had and what else besides appointing him is being done in connection with this important matter.

I think the government has failed to realize that the people of the country are concerned over this. This is not merely a question for debate here among a few people who are interested in defence; it is something which affects everybody in this country, it is something in which a large number of people are interested. The possibility of an atomic bomb attack in another war has been more or less in the thoughts of a large number of people and most of them are wondering what measures, if any, are being taken for their protection and the protection of their families in the event of such a catastrophe.

This is something which should have the fullest publicity. Definite measures should be taken for the evacuation of people and for the stockpiling of tents and other materials

which could be used in an emergency, of medical supplies, of foodstuffs and so on. My own view is that it is more important to carry out these civilian defence measures than it is to develop our defence forces. They should have first priority because the basic strength of this country is in the civilian population. As an indication of what people are thinking in connection with this matter I should like to read a letter which I received the other day, under date of November 3, as follows:

> I am sending you a cutting from the Calgary *Herald* which outlines my own view as to what could happen if the communists wanted to start a sudden coup in this country before war was declared, and it is to be hoped that matters similar to this are being taken care of by the defence authorities in charge.
>
> You can imagine what would happen in our fair city if the Calgary power dam, the Glenmore dam and other similar projects which supply our water were blown up. It would be too late to think about these things after and steps should be put into effect at all times to watch for and control such projects "while there is time."

To my knowledge, I have never seen the writer of that letter. The clipping which was enclosed dealt with the action taken at Denver, Colorado, by the national guard there to build up civilian cells, as it were, to counteract communist cells and to prevent any sabotage. That idea, I think, is well worth looking into. It certainly indicates a real interest by the people in civilian defence.

In this morning's *Globe and Mail* there is a report which reads as follows:

> Fire Dangers Dim A-Bombs, says Worthington
>
> The dangers of fire far overshadow those of atomic radiation in any potential enemy raid on a Canadian city, Major General F. F. Worthington told the engineering institute of Canada today.

The people right across Canada should be given information as to the best way of fighting fires which might develop as the result of an atomic bomb attack. I was glad to see that apparently the people of Toronto have taken this matter into their own hands to some extent and have formed a committee which is investigating this matter of civilian defence. Apparently they are making some progress in getting information out to the general population in Toronto and advising as to ways and means in which they can help themselves. I am wondering how much help these people have had from the Department of National Defence and how much interest is being shown by the department in having similar committees appointed in Canadian cities, particularly in the larger centres.

Mr. G. D. Weaver (Churchill): Mr. Chairman, I have listened to the various speakers this afternoon and evening and one thing has struck me. Each of the opposition speakers has picked out a portion of the picture with which to deal. There was probably a certain amount of truth in what he had to say, but if the story of Nelson putting the telescope to his blind eye has any significance or symbolism, it is that he refused to be stampeded by what he saw of a portion of the picture. In his mind's eye he looked for the whole picture and went on to victory.

Naturally, for security reasons, the defence estimates cannot be discussed in the same way that the agriculture estimates could be; but hon. members have a responsibility to their constituents and there are many ways in which they can see the whole picture and thus carry out their responsibilities. We all read the newspapers and can see what goes on in other countries. We are able to make our own decisions as to whether this job is being well handled. I cannot understand anyone blocking unification, and we have all seen what has happened since the last war. One great lesson that was learned was the necessity for co-operation between the various services. That co-operation has continued and in this country it has reached a peak not equalled by any other country in the world.

We saw what happened in the naval inquiry and we know that something really came out of that. This afternoon the minister mentioned the conversion of Royal Roads and the reopening last year of R.M.C. as the Canadian services colleges. When the R.M.C. closed in 1942 the last number on the rolls was 2,828, and over 2,000 of those ex-cadets served their country on active service in all quarters of the world.

I feel that is one of the reasons why the minister made it a part of his policy to reopen the college. Six weeks ago I had the opportunity of visiting it on the occasion of the governor general unveiling a plaque in memory of those ex-cadets who are a part of those whom we commemorate today. At that time I had a chance to see just what had been done in the short space of a year, and I was most pleased with what I saw. At the annual dinner of the ex-cadet club the minister made a toast to the college, and it is from a person's words that you can see how he thinks. The words he spoke that night revealed to me why Canada's defence thinking is in the front rank of the world today, not excepting any country. At this time I want to commend the government for its defence program, and I also want to commend the minister for reopening that college. I want to read to you a portion of what he said. These are the words of the present Minister of National Defence:

> In conclusion there is one thing I would like to emphasize. In the years between the wars there was often a dividing line, a cleavage, between members of the permanent and reserve forces. There

was also frequently a cleavage between graduates of R.M.C. and those who had not had that good fortune, as you would regard it. Then there was a division between the navy, the army and the air force. Finally there was the division between the services and civilians. All those divisions I want to see wiped out. At the services colleges I want to see the three services working as one team. Perhaps they might keep the habit. In summer training I want to see men from Royal Roads and R.M.C. mixed up with men from the universities and from the reserve units, in the ships, at the camps, and on the flying fields, doing the same work, learning to like each other because they know each other.

I want to see active and reserve forces working side by side, wearing the same clothes, getting the same pay, achieving the same standards . . . as citizens and service men. And because we shall have done these things, then we shall see no difference between members of the civilian and the service community—both are citizens—but the services will earn the respect and support they deserve because in addition to being citizens they serve their country all the time.

Fellow members, these are the words of the minister who is responsible to us for the program of Canadian defence. I have read between the lines as to what is taking place, and I am satisfied that the program is in good hands.

Mr. P. E. Wright (Melfort): There are a couple of points I want to raise. I think it is generally agreed in all parts of the house that we should have preparedness. The division of opinion seems to be as to just what constitutes preparedness having regard to another war. To my mind there are two points which I think are most important. The first one is the co-operation and co-ordination of our forces with the forces of other countries which think as we do. The minister has stated that if we have another war it will be a world war. In a world war the contribution of a country the size of Canada, even though we think we are pretty important, is small compared with the total contribution. Unless we have co-ordination between our forces and the forces of those who may be our allies, I do not think we can contribute as much as we could if such co-operation took place in time. Even though we have to sacrifice some of our national pride, it seems to me that, in the world as it is constituted today, any enemy we may have to face is going to be one who will drive from one central point with one central objective, and with complete co-ordination of their forces. Unless we can meet that by co-ordination and co-operation, we shall do just as we did in the last two wars. We shall sacrifice thousands of lives in getting to the point where we can meet a concentrated attack.

The other point I want to mention is that the next war, if there is one, will be won or lost on the technical advances made in the next few years, not on our skill in the use of the weapons with which we won the last war. Too often our objective between wars has seemed to be the training of people to use the weapons with which we won the previous war. No war is ever won by the use of the weapons with which the previous war was won. That is the lesson which we should have learned from history, and it seems to me that in spending money on our defence we should do so intelligently.

For instance, the distribution of our defence dollar, it seems to me, is something about which we should certainly make inquiries.

In 1948-49, 6 per cent of our defence dollar was spent for defence research, and in 1949-50, 5 per cent of our defence dollar is to be spent for that purpose. To me that is nonsense. If it is true, and it is, that wars are won by technical knowledge and development, then that is too small a proportion of our defence dollar to spend on the research which will be necessary to win the next war. I would say that three or four times that proportion would be well spent in technical research.

We know that probably our greatest single drawback in the first and second world wars was the fact that we lacked the necessary new equipment. We had plenty of Ross rifles and rifles of other makes in the first world war, but we lacked artillery. It was only when Lloyd George organized the economy of England, and reorganized the production of that country, thereby developing the artillery and shells that were necessary to win that war, that we were able to make advances. The same is true of the last war. It was two or three years before we developed the production of the materials necessary to win the war. Surely we will not allow ourselves to get into the same position in the event of another war. Surely we should have learned our lesson from the last two wars. Surely we should have learned that technical research and the development of a strong economy, in which we are producing the essential materials to win a war, is the best preparedness that we can have in Canada.

Mr. E. D. Fulton (Kamloops): It seems to me that there has been general agreement, as one would expect, with regard to the objectives of Canada's defence forces, and the necessity of spending large amounts of money in order that such forces may be adequate. I am sure that no one, least of all the minister and his supporters on the government side, wishes to spend money to no good purpose. Certainly members of the opposition regard it as their duty to see that every dollar spent is spent wisely and to good purpose. We are all agreed that heavy expenditures on defence requirements are necessary, and we are all prepared to support such expenditures if we are agreed that they are being spent wisely.

The point of difference between the minister and his supporters and those on this side of the house who are criticizing him is simply that we feel the money is not being spent wisely and that Canada is not getting value for her dollars in terms of defence. It should be made abundantly clear at this point that we feel the responsibility for this situation rests squarely upon the shoulders of the minister, the government and those at headquarters, and that it rests in no way upon the shoulders of the officers and men in the field and throughout the country who make up our defence forces. We know they are doing the very best job they possibly can under the defence system laid down for them, and with the resources and manpower at their command. For our part we feel that the inadequacy lies entirely in the framing of the defence policy which those officers and men are called upon to implement.

In his statement this afternoon, and in his statements during the period since he took over the department, the minister has consistently put forward the view that Canada's defence forces are adequate to Canada's needs and that they are well integrated with the defence requirements Canada may be called upon to meet under the Atlantic charter. Unfortunately we in this house are not in a position to comment on the latter point, because at no time has it been clearly stated—though we have frequently asked for this information—just what in fact is Canada's role in the Atlantic defence structure. So my remarks will be confined entirely to the question whether or not Canada's defence forces are adequately designed to meet our defence requirements, within the limited knowledge we have of our separate defence strategy; and my remarks and criticism will be based upon the minister's statements in that regard.

I should like to analyse a number of statements the minister has made over the past year or so, since February or March of 1948. In all those statements the emphasis has been upon the necessity for Canada to have defence forces able to defend our territory against attack from any quarter. I am sure all hon. members will appreciate that with our population it is going to be extremely difficult for us to defend our vast territory against attack from any quarter; but oddly enough that is the role the minister has laid upon our defence forces. Speaking in Montreal on February 10, 1948, and commenting upon the size and strength of the soviet armed forces, the *Gazette* of that date reports the minister as having used these words:

> Mr. Claxton stressed that he was not suggesting that Russia was poised on the brink of war, but merely that she and her satellites have shown that they are not ready to seek permanent security under law, and that as a consequence Canada "must ensure positive security under her own arms."

In his statement to the house this afternoon the minister supported that previous declaration, and also supported my contention that his emphasis is upon defence of our territory by our own forces. He said that our defence organization—referring entirely to Canada's domestic defence organization—must ensure the integrity of our territory. In other statements the minister has made he has given the impression that our recruiting policies and our armament and equipment policies all are proceeding satisfactorily and at a rate which will speedily ensure that our forces are of the size and nature, with sufficient equipment and armament, to fulfil the role he has laid upon them, namely that they should be capable of ensuring, virtually without outside support, the defence of our own territory from attack from any quarter.

That is the picture the minister has given; that is the role he has laid down and the impression he has left in the calculated statements he has made: that our defence forces are adequate for that role. Let us then examine the facts as they are disclosed in available returns, figures and information. When we examine the structure of our forces in the light of the minister's statements it becomes perfectly obvious that they are totally incapable of filling that role, if indeed they were ever designed or should ever be designed to do so, without some outside support or without being integrated into some defensive role within the structure of the North Atlantic alliance. Take the picture as to the strength of our services as shown in the annual report of the department. We find that the navy has an authorized strength of 10,375 all ranks, and that its present strength is 8,154. The army has an authorized strength of 26,329, and its present strength is 18,970. The air force has an authorized strength of 18,221 and a present strength of 14,552. So the total authorized strength of our permanent forces is 54,925. That is what is called the nucleus of our defence force, which is supposed to be adequate to defend our millions of square miles of territory, with thousands of miles of vulnerable sea coast and other thousands of miles of vulnerable northwestern approaches. This nucleus, which is supposed to be capable of defending all this territory, has an authorized strength of 54,925, and it falls short of even that pitiful authorized strength by more than 15 per cent, according to the last report issued by the department.

The whole picture the minister has given of our defence set-up is entirely misleading, in the first place because by ourselves, with

our limited population—and here I take direct issue with his statements—we cannot hope to defend our millions of square miles of vulnerable territory. In the second place they are misleading because the authorized objective set for the forces is short of attainment by over one-quarter. In other words, we are 15,000 short of even the objective of 54,925. It may be remarked that the picture I have presented so far leaves entirely out of account the reserve forces. It does. The picture would be redeemed in large part if in fact our reserve forces were up to strength, or if they were trained and equipped in such a way as to enable them to be rapidly expanded into an effective striking force in support of the permanent force. But the picture in that respect is far from encouraging, and falls short of the glowing rosy pictures the minister has painted. Indeed, Mr. Chairman, it seems to me that a country in Canada's position, with a small population and a vast territory to defend, in the first place must rely upon the Atlantic alliance to help defend our country.

But even then, as I have said, we have no clear picture of what our role is. We do not know. But taking the minister's statements as given to the house and to the members, even if we are fulfilling whatever role we are assigned in the Atlantic alliance, because of our limited population we must rely largely upon a reserve force which is capable of immediate expansion, of arming and equipping and of taking the field within the space of weeks or a month at the most from the outbreak of hostilities. The time factor was fully discussed this afternoon by the hon. member for Nanaimo. I do not need to go over that ground again in order to remind the committee or the minister that no longer in a future war, should a future war take place, shall we have time for a leisurely mobilization. If we are to play an effective role in defending our own territories, we must be able to put in the field an effective striking force within weeks or at the most a month of the time of the outbreak of hostilities. Is our reserve force capable of expansion in that way, to fill the role which that picture thrusts upon it? It certainly is not.

Mr. Ferrie: How do you know?

Mr. Fulton: Because I happen to have looked into this matter of the reserve forces. As given in the published report of the Department of National Defence, at page 82, the strength of the reserve forces at the present time is as follows: for the navy, 3,272; for the army, 36,311; for the air force 1,427; total reserve forces of all three services, 41,010. If my hon. friend who asked me the question, or any other hon. member who is interested, will take the trouble to consult with the commanding officers of any of our reserve units, he will find the answer to his question. Those officers are reluctantly compelled to say that their units would not be battleworthy for a period not of weeks or a month, but of months or a year. We therefore have not a reserve force capable of taking the field, under present conditions, within less than a year from the outbreak of hostilities.

Just as a matter of comparison, I should like to direct the attention of the committee to a few figures as to the size of the reserve army today as compared with what it was before the war. If you take any year from 1924-25 up to 1938-9, you will find that the size of the reserve army was substantially in excess of the reserve army of today. I give these figures by way of substantiating the statement that our reserve forces of today—and we know how long it took them to take the field in the last war and in the first world war—are even less prepared, less trained, less well equipped and less well manned, if I may use that expression, than they were at any period from 1925 to 1939.

Mr. Claxton: Who says that?

Mr. Fulton: The figures establish it.

Mr. Claxton: The figures do not indicate anything of the kind; they do not indicate anything except the number of men on the strength.

Mr. Fulton: Yes, but when one has knowledge of the state of training and equipment of the units in the years from 1925-1939, in comparison with what they are today,—

Mr. Claxton: It does not show that at all.

Mr. Fulton: —then the picture becomes clearer.

Mr. Claxton: If one has that knowledge, it does become clear.

Mr. Fulton: The minister's statements, which have been quoted in the chamber by others and by myself, as to the role of Canada's forces, as to the state of training, preparedness, equipment and recruitment, have been so misleading that I think this statement he has just made is equally misleading.

An hon. Member: Withdraw.

Mr. Winters: Nonsense.

Mr. Fulton: When one comes to the question of the other statements which have been made as to strengh and equipment, one sees an equally disturbing picture. Perhaps it would be interesting to the committee to have placed on the record some of the actual figures to which I refer, as to the strengths of

the reserve forces in the period I have mentioned. To deal with the army, in 1924-25, 50,492. In 1930-31, 53,201; in 1935-36, 48,761; in 1938-39, 51,418. For the post-war period: in 1946-47, 37,657; in 1947-48, 33,591; and 1948-49, 36,311.

Then we come to some of the other statements of the minister with respect to the progress being made in bringing our forces up to strength; and we find that, when examined in the light of actuality, they have an equally disturbing effect. I have here the answer which the minister made in the house on March 16, 1948. He was replying to a question asked by the former member for York South, with regard to recruitment for the army. As reported at page 2253 of *Hansard,* the minister's answer was:

> . . . I can tell my hon. friend . . . that good progress is being made, and, in comparison with other countries where similar conditions obtain, the showing is encouraging. Men are being taken in at about the rates we want to have them for the army . . .

At that time the authorized strength of the army was 26,329; the actual strength was 15,409 or about 9,000 below the authorized strength. It will thus be seen that the minister's statements throughout, in the house and in the country, have been to the effect that Canada is well prepared, that her armed forces are well equipped, well trained and well manned to resist attack from whatever quarter it might come, and to defend our territory, of our own strength, against this attack.

Hon. members will recall that in March of last year the President of the United States made a very important and far-reaching statement on the subject of military preparedness, having to do with the personnel requirements of the United States armed forces in support of the efforts then being put forward to increase considerably the strength of those forces. In his speech before congress President Truman said—and I think this is the principle which should guide us in the design and equipping and manning of our forces—

> We must be prepared to pay the price of peace or assuredly we shall pay the price of war.

In commenting on these remarks when speaking in Montreal in March of last year the Minister of National Defence said that the President's remarks were:

> The beginning of the marshalling of force on the side of right which is essential if we are to preserve the way of life in which we believe.

On the basis of that statement, and the other statements which I have read, one would have assumed that Canada was playing a role comparable to that of the United States in proportion to our resources and to our population. But if we compare the figures on the basis of population, and on the basis of the actual strength of the United States forces at that time, we find that Canada should have a permanent force of 150,000 if we are to play a role in proportion to that of the United States, as the statement of the minister would indicate we should. But the figures that have been given already indicate that the total authorized strength of our forces is 54,925. It seems to me that this has a definite bearing upon the role which Canada is called upon to play within the North Atlantic alliance. It may well be that under that alliance we have obligations of a different nature, or of a lesser proportion, than the military obligations assumed by the United States or the other parties to the alliance. If that is so, the country should be told. But it is misleading if statements are made which indicate that we are expected to bear, and are prepared to bear, a military role proportionate to that of the United States when in fact the authorized limit of our armed forces is only one-third of the present strength of the United States forces.

Mr. Ferrie: Our boys are worth three to one anyway.

Mr. Fulton: I come next to the list of accomplishments given by the minister in the course of his remarks today. In many of those accomplishments there is cause for pride and satisfaction; but if they are analysed they are mainly with respect to improvements in the service standards, such things as the ration scale, the clothing, progress in provision of married quarters, and the start in aid of building quarters for single men. The minister referred with pride to the shipbuilding program. When one analyses the accomplishment one finds that we have built one icebreaker. Then there is the aircraft program. We have placed orders for up-to-date jet fighters, but according to his statement our main accomplishment is in overhauling and modernizing machines.

The minister said that the training of the armed brigade group has been pressed on. That training in accordance with the reports on Exercise Eagle, which has been analysed in the light of what actually went on, has not been pressed on to the stage where the brigade group, the mobile permanent force group, is able to fulfil the role which the minister himself has laid down for it. The minister then went on to refer to the training in civilian defence. But if one analyses the statement on the basis of that statement alone it does not appear to have got much farther than the appointment of General Worthington. That is the record which the minister gave us this afternoon.

With respect to recruiting, the minister said that the campaign has been continued with the desired result in every respect, with the exception of the reserve army. If the results fall so far short of the authorized ceiling desired by the minister—and these were his words: they would produce the desired results —I suggest that he should immediately inform the country that in fact the glowing statements he has made as to the preparedness and equipment of our armed forces should be substantially modified because they are not yet ready to fulfil the role which he himself has outlined for them.

On the basis of these statements, these facts and figures, it is dangerously likely that the whole present defence policy of the government is not geared to the needs or the capabilities of the Canadian nation, and that the minister appears to be living in a world of unreality, not even he being aware of how far short our defence forces come of the goal that he himself has set, and in his own lack of knowledge or unwillingness to recognize that situation the country as a whole is unfortunately being misled. There is substantiation of this picture to be found in the words of the Mainguy report. At page 41 the commissioners report:

> Several high authorities suggested that the navy is engaged in making too many bricks with too little straw. Most of the unsatisfactory conditions have been known to naval authorities for three years or more.

On page 42 they state:

> The present actual complement of officers and men was stated by several witnesses to be inadequate for the existing commitments and tasks of the navy, if it is to concentrate on training, as it must do.

The significance of these statements, Mr. Chairman, is in the fact that the commissioners find that these conditions have been known to naval authorities for three years or more; and yet in the light of the inadequacies set forth in this report, many of which were known to naval authorities, the Minister of National Defence has consistently presented a picture of the armed forces, including the navy, which has come up to every expectation and which are thoroughly ready now to fulfil the role which he has set for them, which picture is obviously not consistent with the facts as shown in the figures issued by the department itself when compared with the statements made by the minister. In the light of these conditions it seems to me that the need becomes perfectly obvious for the setting up of a permanent defence committee of the Canadian House of Commons. This is a matter which in my experience has been pressed for every year since 1945. It is not a happy thing for any hon. member to stand in the Canadian parliament and suggest, in fact state, that the Canadian services are not ready to fulfil the role which has been set for them as their task in defending this country. The statements I have made have been made on the basis of an analysis of the facts and figures given by the minister and his department, in comparison with the statements made by the same minister with respect to the role of those forces.

I realize that the inner details concerning these facts and figures are not fully known to me or any other member on this side of the house—and I doubt if they are fully known to any member on the other side, because we have not been given the opportunity to become fully acquainted with all the details and ramifications of the defence role of our forces. Particularly, we have not been told what is Canada's role within the structure of the North Atlantic treaty.

So that what I have been saying tonight has been said seriously, on the basis of the best information I have been able to acquire —the information given by the department itself. If there are gaps in it, if there are injustices or apparent injustices to Canada's armed forces, the reason for those injustices is the incomplete knowledge or the gaps in the knowledge available to myself and other members of the house.

The desire of all members is to assist the department in so far as we can in building forces equipped to fulfil the role set for them, and also in acquainting the country and our constituents with the needs of Canada's defence forces in order that we may encourage support for those services, in order that we may within the limits of our responsibility and our opportunities encourage even recruiting, if need be. But with the lack of information we are totally unqualified to fulfil that which I suggest with respect is the perfectly proper role for any member of parliament in face of the very serious world situation with which we are confronted today.

I make these few remarks in support of a renewed plea for the setting up of a national defence committee of the Canadian House of Commons, and conclude by reminding the committee that this request was made in 1945. The then minister of national defence said he entirely agreed that it was a reasonable request, and said the same thing again in 1946, when the hon. member for Vancouver-Quadra, and the hon. member for Nanaimo—supported on each occasion by the hon. member for Rosetown-Biggar, the leader of the C.C.F.—made the request.

In 1946 the then prime minister said he felt, too, that it was a reasonable request, a

desirable thing and in the best interests of the defence of the country that such a committee be set up. May I read the words of Mr. Mackenzie King as they appear in *Hansard* for March 29, 1946:

I think the suggestion of my hon. friend is a very good one—

Referring to the suggestion put forward on that occasion by the hon. member for Vancouver-Quadra—

—and, as the Minister of National Defence has just said, it is one that he is prepared to consider sympathetically.

Then, after pointing out that at that particular moment, when a number of special committees were being set up, it would be difficult to constitute such a committee on national defence, the Prime Minister concluded with these words, as they appear at page 406 of *Hansard*:

I think my hon. friend's suggestion of that particular committee is a very good one.

The then prime minister's remarks concerning the necessity for a committee, and the desirability of informing all members of the house and all citizens of the country as to the requirements of Canada's defence forces, and as to the way in which they can best serve to fulfil those requirements, have not lost force since that date. In fact, in view of the world situation of today—and even in spite of the misgivings we have as to the adequacy of the minister's policy—we are prepared to support these estimates amounting to $383 million. I believe the necessity for that committee is vastly greater today than it was in 1946 when the then prime minister said he considered it a very good idea. I hope the minister will give his consent finally to the setting up of such a committee.

Mr. Claxton: Mr. Chairman, probably it would meet the convenience of the committee if I were to deal with some of the points raised by hon. members in their very helpful remarks. If the hon. member for Kamloops will pardon me, however, I shall not endeavour to correct every inaccuracy he has been uttering in the course of his remarks. But I should just like to say that his interpretation of the statements to which he has referred is so far away from any natural and proper interpretation that the words will bear, that I do not think it is necessary for me to follow him through that course.

However, I should like to deal with some of the express questions or points raised by hon. members and express appreciation to them of everything they have said of a helpful nature. First, turning to the question raised by the hon. member for Calgary East,

[Mr. Fulton.]

and referred to again by the hon. member for Kamloops, as to our commitments in the North Atlantic treaty. It is perfectly clear that we have no commitments whatever under the North Atlantic treaty. The organization under the treaty has just been set up. The regional groups have been organized and the appropriate officers and representatives of the various governments concerned are considering what should be the various strategical plans and requirements.

This is expressly dealt with in paragraph 12 of the statement I gave, in which I said:

It is still too early to spell out the consequences of the pact in terms of men and dollars.

And that is said after I have described the organizational work up to this present time.

Mr. Green: When shall we know our commitments under that treaty?

Mr. Claxton: Well, first of all, there will be no commitments except with the consent of the government of Canada; and, secondly, there will be no commitments until the strategical considerations to which I have just now referred, and to which I referred in greater length before, have been given attention.

Mr. Green: About when would that be?

Mr. Claxton: I have no means of estimating a date. It depends largely upon the work of people outside the Canadian government and forces. For example, in the western European group, there are five nations as well as Canada and the United States as observers. They will be meeting and working things out. Then there will be consultations between the different groups, and ultimately clearance both by the standing group, the defence committee and the council. So that while this operation is being pressed forward with all speed, it will of necessity take some time.

With regard to another point raised by the hon. member for Calgary East, and referred to by others, I should like to make it perfectly plain again—and I want to state it as definitely as I can—that we have been getting recruits since January 1, 1948, and before that, at the rate we required, at the planned rate, for the active navy, the army and the air force, and for the navy reserve and the air force auxiliary. If we got recruits at a faster rate it would be necessary to have increased training establishments and increased capital equipment, neither of which would be justified by our concept of the strategical situation.

Mr. Green: What about the army reserve?

Mr. Claxton: I dealt with that before. We now have some 39,000 men in the army reserve, and I should like to see about

another 10,000 there. We have been doing everything we can to support the commands and to give national direction to campaigns to that end. In that connection the hon. member for Calgary East paid a well merited tribute to the officers and men of the reserve who have done a magnificent job. However, he referred to the recruiting campaigns as being a flop. In January, 1948, we had in the reserve forces of Canada a strength of 36,173; in September, 1949, it was 45,123.

Again I do not like making comparisons with other countries because they are so liable to be inaccurate and misleading and one must take into account all factors; but with regard to the strength of our reserve forces, navy, army and air, I want to say that they are greater in proportion to population than any country in the British commonwealth and considerably greater than the corresponding forces in Great Britain. That is nothing to be thankful for, but it does indicate that we are tackling this problem and securing a response relative to the present situation within three or four years of the end of a war, at a time of full employment and when our young men are interested in other things, which I think is encouraging, all things being considered.

The situation is satisfactory with respect to everything except the reserve army and I think it is encouraging in that connection. I know the position of the commanding officers of the reserve army because I was in the reserve for a time myself. They do have a difficult time when there is not an adequate number of men. I have never suggested for one second, as was said by one hon. member, that we do not want men in the reserve army. Of course we do. The hon. member was good enough to suggest that the Prime Minister (Mr. St. Laurent) and I should make an appeal for recruits, bringing home the need. We have both done that repeatedly. The Prime Minister has shown the utmost interest in the work of all the armed forces.

The suggestion made with regard to armouries is well founded. There is nothing I should like more than to be able to begin the construction of armouries wherever they are needed across Canada, but it is a question, first, of labour, then materials and then money. The hon. member suggested that we should try to procure temporary accommodation by the use of existing buildings. That is a most useful suggestion. In fact we are already doing it. Since 1939, in the last ten years, we have increased the floor space of armouries for the reserve army by 70 per cent. That is a substantial increase, being nearly double, but still more is needed because of the great quantities of equipment which modern reserve armies have.

We are continuing the practice of increasing accommodation wherever we can and we have let a contract for the construction of the first new armoury for a major unit at Sault Ste. Marie. The cost of this indicates that here again real money is required. The contract is for $850,000 for an armoury to accommodate a single unit.

The hon. member was good enough to say that training had been improved and there was a considerable increase in numbers, and of course it is most satisfactory to hear him say that, because he has been in both the reserve and the active forces. The hon. member said the air force equipment situation was not good, but here we must be realistic. We must understand what modern defence forces mean.

At the present time we are at work on the XC-100, a twin-jet all-weather fighter. If that plane is a success when it is tested it will be two or three years in advance of any plane of its type anywhere. We are at work on the construction of the F-86 which is as far as we know the fastest plane there is. I was asked by one hon. member how long it will take to produce these. We are working at a planned rate to produce these planes, not as fast as possible because we do not expect war within a year, but at a rate which will provide an economical flow from the factory where they are produced.

If I could show hon. members the schedules of production for planes in countries much larger than ours they would be astonished at how they differ from wartime rates. It is simply because countries have not the means to rearm at the rate they would like. It is interesting to note that in one of his fine statements on defence when speaking about the navy in the United States General Bradley said that the United States, with all its great wealth and resources, the richest country on earth, had to choose the things that would come first, had to work on priorities, because they did not have all the money they wanted for defence. Of course that is well known, and we are in the same position.

If any hon. member thinks that our armed forces are too small, that we should recruit faster, let him realize that that means $2,600 per year for each man taken on, and for each subsequent year until the man goes out of the army.

Mr. Green: Is that active or reserve?

Mr. Claxton: Active, and the figure is approximately the same for each of the three services. That does not include any overhead. If you want more in the way of equipment, it must be paid for. What is

almost more important, new equipment involves continuing commitments for maintenance, repairs and modifications. Modifications are the bugbear of all defence planners, particularly at a time of rapid change and development. Almost every piece of equipment seems to be subject to modifications before it is even delivered.

The hon. member for Melfort remarked that this year we were spending only five per cent of the defence dollar on research whereas last year we spent six per cent. The percentages given in that table are in round figures. The actual amounts are given in vote 251 of the estimates. The figure for 1948-49 was $19,700,000 for defence research, and the figure for 1949-50 is $21 million. Therefore, while the actual percentage shows a decrease, the actual amount has increased because of the fact that the over-all defence appropriation, when granted by parliament, will be 50 per cent over what it was last year. There is an increase in every single item in the table. We are cognizant of the need for keeping up with defence research. It is an important aspect of defence policy. There again our work is closely related with that of friendly nations along the lines of the hon. member's suggestion. Our working arrangements with the United States and the United Kingdom are just as close as they could be in all aspects of the matter.

References were also made to the shortages of kit described in the Mainguy report. The shortages, as they have been reported to me, occurred between November, 1948, and June, 1949, and they applied to certain sizes of caps, collars, shirts, shoes, two types of trousers, underwear and vests. They did not extend to major items of clothing, and they were in certain sizes only. It is difficult to plan the purchase of clothing so as to keep on hand an adequate supply of all sizes at all times unless very large stocks are maintained.

Mr. Pearkes: Are the shortages you refer to at Esquimalt, or the alarming shortages which were referred to as existing at headquarters?

Mr. Claxton: The shortages at Esquimalt; the other is the same question.

Mr. Harkness: What about the situation in the army and the air force?

Mr. Claxton: If I may finish my answer on this matter, I will come to that. As to what caused the shortages, it was due, largely but not entirely, to the navy getting recruits faster than they had planned or expected. It was due largely to that, but also to the fact that their methods of stock-keeping, unlike those in effect in the army and air force, were not as modern and up to date as they should have been; consequently they did not provide for easy advance planning. That is being changed. The shortages have been overcome now and the matter has been cleared up.

As to the time that it takes to obtain clothing, where the cloth has to be woven as is usually the case with uniforms, delivery takes over a year from the time of placing the order. Therefore planning must be related to the flow of recruits and discharges, and if we get more recruits and have fewer discharges than we expect, we are likely to run short at a time of rapid build-up.

Dealing with the army and the air force, I am informed that apart from occasional shortages of certain sizes, particularly unusual ones, there is no shortage, and that further we are gradually building up some stocks to meet future needs. The new summer uniform is in general issue now, and the blue uniform will come into general issue towards the latter part of 1950.

The hon. member for Churchill was good enough to refer to the Royal Military College and our efforts to re-establish the college on a sound footing. As hon. members know, he is one of two men in the house—the Minister of Mines and Resources is the other—who are ex-cadets of that famous institution. I must say that the progress made in securing close co-operation with respect to the training of officers for the navy, army and air force is encouraging in view of the fact that the college was only opened again in September, 1948.

The hon. member for Calgary East referred to the question of civil defence. Here we have had a difficult decision of timing to make. We could very easily proceed to set up local civil defence organizations in every community right across Canada. There is no doubt that local communities would co-operate in that respect, and that work could be done. I may be wrong but my belief, based on such experience as I have had with organization, is that if local organizations were set up in every part of Canada and there was nothing for them to do except carry on for any considerable period the kind of training that civil defence groups would, then the men and women who would devote their spare time to this activity would soon cease to be interested in it, and would not be on hand should an emergency arise. The whole job of organization would have to be done over again. That is the view on which we have acted.

That does not mean, however, that that view is going to remain constant. With the progress in other directions which I expect there will be, we are working towards the organization of civil defence based first of all

on all the government departments concerned with the question, and then the provinces, because almost all matters that have to do with civil defence have provincial aspects. Some of them are exclusively within the jurisdiction of the provinces, and in many matters the municipalities are mainly concerned. General Worthington has studied what is now being done in other countries as well as what was done during the last war. He has also interviewed the provinces. We have had a planning committee at Ottawa with representatives of the government departments concerned, and the matter has reached the stage where we could very speedily set up a plan and put it into effect. It would be a matter of hours to do that. We can now move on to the next stage of getting it developed at various levels so that we shall have a skeleton organization on which to build a civil defence body in every part of the country to meet any need.

While I am on my feet I should like to say a word to make clear one thing I think is important. In paragraph 29 of my statement concerning Canada's defence program, I referred to the development of radar; and I should like to quote the passage:

> To meet attack by air requires jet interceptors and anti-aircraft guns with the necessary radar equipment and communications system, backed by a relatively small but highly trained, efficient and mobile force of ground troops. The territory of Canada is so vast that it is obviously impracticable to construct a chain or grid of radar warning stations similar in density and consequent effectiveness to the installations during the last war in the smaller areas of Britain or Germany; nevertheless an early warning system to cover certain vital approaches and areas is being developed.

That paragraph should be read as it appears. It would be beyond the economic and industrial resources of Canada to provide a radar defence system or an anti-aircraft defence system such as Britain had during the second world war. Moreover it would involve our country in static defence to a degree which would virtually paralyse any offensive effort; and even then it would not be one hundred per cent effective. Hon. members know, because many were there, that Britain was bombed despite radar and interceptor defences of the kind I have mentioned. In fact perhaps only ten per cent of the aircraft on bombing raids were knocked down. This is a field in which we must have knowledge of all developments and must be prepared to do what we can to defend vital and vulnerable points, and in which we must begin the development of what is considered a proper level of defence; but I hope no one will think for a second that we are going to put a string of radar stations over the North pole or anything of the sort. We are not. We could not do that, and it would not be the right way to spend our defence dollars.

Once again, Mr. Chairman, I should like to say that in this field it would be interesting indeed to hear suggestions that our forces are too small or too large, that the relative proportion as between the three services is not correct, or that we are spending too much on personnel or on equipment and properties. But such suggestions have not been made during this discussion, as far as I know. The fact is that we can only increase the strength of our armed forces today by spending more money. We can only increase the equipment or build more properties by spending more money. The question then is: How much money do the Canadian people feel that the risks involved require us to spend? Obviously if we believed that within a year there would be a war involving us and the whole world, this is not the kind of appropriation we would be seeking. We would not be spending time discussing hundreds of millions. I am afraid it would go into billions, and many of them. All defence planning depends of necessity upon the calculation of risk and the estimation of forces, both those of any prospective enemy and those of any prospective friends. The next step is to spend the money made available out of the national budget in the most intelligent way to meet the needs as economically as we can.

That is a task which I can assure the committee is proving difficult in every country, because there are so many uncertain factors in the whole situation. But it is a task in which we have had the advantage of good advice from very competent officers, and also of discussion and consultation with our friends in other countries.

As a final word, the hon. member referred to high overhead; and I must say I often feel that the overhead, the number of men we have on the staff, seems very large indeed. It is not much consolation, either, to find that my opposite numbers in Britain and the United States are similarly concerned; but the fact is that this has become an exceedingly complicated and technical business requiring very considerable numbers of experienced, highly trained and well educated staff, both officers and men. Then again in this field, which involves so much in the way of co-operation between the services and also between one country and another, we have a great many inter-service and international committees which require considerable groups of personnel. However, in making comparisons with the forces of other countries, I do not think we are in any respect worse off, with regard to either the overhead or the proportion of civilians. But it is a matter that requires constant attention and

that I can assure you is receiving the attention of the chiefs of staff, the deputy minister and myself.

Mr. Pearkes: On a question of privilege, Mr. Chairman, during the course of my remarks this afternoon I stressed as emphatically as I could that I did not think sufficient emphasis was being placed on the air force. Obviously, if I did not make it clear, the inference was that I thought a larger proportion of money was being spent on the other services. Therefore I was surprised to hear the statement made by the minister just now. My feeling that greater emphasis should be placed upon the air force was one of the main reasons why I asked for the setting up of a committee to investigate this whole question of defence policy.

The Deputy Chairman: Is it the wish of the committee to carry on with this discussion? It is now eleven o'clock.

Mr. Drew: No, Mr. Chairman.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull) moved the adjournment of the house.

He said: Mr. Speaker, as understood this afternoon, the first item of business on Monday will be Bill No. 144, to amend the Combines Investigation Act. If we should conclude that matter there are some bills which, after listening to the discussion during the resolution stage, would not seem very contentious, and which we might take up. I would mention Bill No. 64, to amend the Royal Canadian Mounted Police Act; Bill No. 145, respecting the acquisition of the Temiscouata Railway; and Bill No. 146, to authorize the granting of a subsidy to the government of the province of British Columbia in aid of the construction of an extension to the Pacific Great Eastern Railway.

Motion agreed to and the house adjourned at 11.05 p.m.

HOUSE OF COMMONS

Monday, November 14, 1949

The house met at eleven o'clock.

RAILWAYS, CANALS AND TELEGRAPH LINES

Third report of standing committee on railways, canals and telegraph lines.—Mr. Breithaupt.

DOMINION ELECTIONS ACT

FEDERAL DISTRICT OF REGINA CITY—REPORT OF COMMISSION APPOINTED TO INQUIRE INTO ALLEGED IRREGULARITIES

Mr. Speaker: I have the honour to inform the house that I have received from the chief electoral officer a copy of the report of Hon. James T. Brown, Chief Justice of the Court of King's Bench for Saskatchewan, a commissioner appointed by the chief electoral officer under the provisions of the Dominion Elections Act, 1938, to inquire into certain alleged irregularities in connection with the election in the federal district of Regina City, in the province of Saskatchewan, in the dominion election of June 27, 1949; and covering letter from the chief electoral officer in connection therewith.

CROWN PROPERTIES

FEDERAL GRANTS IN LIEU OF MUNICIPAL TAXES—NATIONAL CAPITAL PLAN

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, I should like to make a statement with respect to certain proposals the government has concerning grants to municipalities in lieu of taxes. I must ask the indulgence of hon. members for the length of the statement, but the questions involved are important, and I think it is as well that hon. members should have a full statement of the reasons which prompted the government to make the proposals which it intends to make. Of course full opportunity will be afforded for discussing them when I ask for appropriate financial provisions to carry them into effect.

For some considerable time the government has had under review its policy in respect of the tax-exempt status of its real property in various municipalities throughout Canada. The present situation, which reflects the exemption from municipal taxation granted to crown property under the British North America Act, has given rise to increasing complaints as the number and variety of federal properties have multiplied during the past few years. These complaints have been embodied in representations from such bodies as the Canadian federation of mayors and the Ontario association of mayors and reeves, as well as from individual municipalities.

The government, aware of the problems faced by at least some municipalities in financing continuing growth and expanding services, has studied these complaints with sympathy and with the utmost care. Every effort has been made to gather together the relevant data and to examine these data in the light of conditions and needs in our own country and the experience of other countries.

One of the first steps in this study was to make a preliminary survey of all federal government property in Canada. This survey took a good deal of time to complete, but it was absolutely necessary to arrive at an appreciation of the nature and magnitude of the problem.

Another phase of the study was a review of the experience and practice, in this field, of other countries of the world, particularly the United Kingdom, the United States, Australia, New Zealand, and the Scandinavian countries. This review was most illuminating. It revealed, in practically all countries, conditions and a course of development very much like our own. In practically every country, as a result of either legislation or custom, the practice is, or at least has been at some time, to exempt from local taxation the real property of the central government. However, there has been increasing recognition that this tax exemption gives rise to a problem for the municipalities, and a number of countries have found it advisable to have their central governments assume a measure of responsibility. Nevertheless, no consistent or uniform pattern has been evolved. The problem is still under consideration in most countries, and quite a few are looking with interest to any solution which may be proposed by Canada.

While this review of the practices followed elsewhere was most helpful, none of the various solutions adopted abroad was found to be wholly applicable to Canada. A solution suitable to a closely-knit unitary state, such as the United Kingdom, cannot be applied to a federal state, such as Canada,

where governmental powers are divided and where the municipality is a creature of a provincial rather than the central government. The only two countries where the central government was found to pay full rates on all its properties were the United Kingdom and Eire, both unitary states where the local governments are subordinate to and integrated with the central government and where financial and administrative relationships are more a question of financial accounting then separate fiscal responsibility. It is significant that even in these two countries the central government has felt it necessary to maintain the right to assess its own property and thereby determine the total amount of taxes payable to municipalities. Unfortunately it was found that in the United States and the other federal states which were examined, where despite differences of size and historical development the basic ingredients of the problem are the same as in our case, no satisfactory solution has as yet been worked out.

Having obtained information on the nature and scope of the problem in Canada, and after studying the methods followed in other countries in dealing with a similar situation, the government came to the conclusion that if an acceptable solution were to be found it would have to be one that was based on consistent general principles, one that recognized the absence in Canada of any administrative connection between the central government and municipal governments, and one that would in its application be equitable to all municipalities as well as to the Canadian taxpayer.

As a first principle it was decided that the constitutional exemption of federal property from municipal taxation must be maintained. Consequently the federal grants in lieu of municipal taxes, which we propose to seek parliament's authority to make, are to be made solely as a matter of grace and are to be subject to discretionary determination by an agency of the federal government. It is proposed to set up under the treasury board a unit which will be staffed with competent men, preferably men who have had some experience in the field of municipal tax assessment or valuation of properties for tax and other purposes; and it will be the job of these officials to consult with municipal authorities and to apply as fairly as possible to the assessment of government property the same principles and practices as are being applied in the assessment of similar private properties.

I think hon. members will readily agree that we are under an obligation, in adopting a program of this sort, to avoid creating a situation whereby a few municipalities, by means of discriminatory assessment practices, could benefit at the expense of other municipalities and the taxpayer in general. I may add that our survey of the experience of other countries revealed a universal acceptance of this general principle.

In the second place, it was decided that, to be fair to all municipalities, any federal program of this sort should recognize that the presence of federal property within a municipality normally brings certain definite benefits to the municipality. These benefits include not only the increase in local incomes and business activity resulting from the presence of federal employees who work and live within the municipality, but also the greater degree of stability given to municipal revenues by the fact that a good proportion of municipal taxpayers are in the employ of the federal government. It is not difficult to demonstrate that these benefits do accrue to municipalities which have federal property within their boundaries. Such benefits are constantly reflected in the competition which, as all hon. members know, exists amongst municipalities for new federal buildings or new federal enterprises of one sort or another. I need only refer to a recent controversy highly publicized in this community, the controversy resulting from the decision to remove the government printing bureau from Ottawa to Hull.

It has indeed been argued by some that the benefits resulting to a municipality from the presence of federal real property within the municipality are more than sufficient to compensate for any added cost of municipal services which might be occasioned by the presence of this added property. I think this contention carries the benefit theory too far, if not in all cases, at least under certain circumstances to which I shall refer more fully in a moment. However, there is sufficient in the theory, I believe, to demonstrate that in any program of federal grants in lieu of municipal taxes, it would be unfair to municipalities generally to base the grants on acceptance by the central government of responsibility for a full equivalent of ordinary taxes.

The third general principle relates to the special circumstances I referred to a moment ago, the special cases where it clearly cannot be said that the benefits derived by a municipality from the presence of federal property within its limits are more than sufficient to compensate for the added costs resulting therefrom. This special type of case is where there is an abnormally large concentration of federal property within a municipality. The studies which have been made have convinced the government that where federal property is heavily concentrated, a problem is created for the municipality because our

present municipal tax systems are not designed in such a way that they obtain for the municipal corporation as such all the benefits which accrue to the municipality at large from the presence of federal property. As everyone knows, municipal revenues are based primarily on real estate taxation and therefore may not fully reflect a substantial increase in personal incomes and business activity within the municipality which may flow from a heavy concentration of federal properties. We have therefore reached the conclusion that the key to any solution to the problem before us is the degree of concentration of federal property in a municipality; and the solution which I am about to propose is based primarily on this premise.

To be able to apply this solution, it is first of all necessary to establish a clear test of what constitutes abnormal concentration of federal property. The test which we are proposing is that anything in excess of the national average of all federal property to total municipal assessments in all municipalities in Canada shall be considered abnormal concentration. The preliminary figures we have obtained as a result of the survey of federal property I referred to at the outset of my remarks indicate that this national average is somewhere between four per cent and five per cent. For the purposes of the solution we are proposing, it has been decided to use the lower figure of four per cent, at least in the initial period. This, of course, is more favourable to the municipalities than adopting the higher figure. Later, when we have completed the work of applying the ordinary principles and practices of municipal assessment to all our federal property, we may have to revise that figure to some extent.

I am therefore glad to be able to announce that the government is prepared to seek the authority of parliament to pay annually to any municipality, as a matter of grace, a grant determined according to the following formula, namely, a grant equal to 75 per cent of the sum determined by taking that percentage of the general tax levy for municipal and school purposes—but excluding business taxes—which is equal to the percentage which total federal property assessments bear to total taxable assessments in the municipality, less four per cent.

The grant is to be equal to 75 per cent, rather than 100 per cent, of the sum determined by the above formula, for two reasons:

(a) to reflect in some degree the fact mentioned above that benefits do accrue to the municipality from the presence of federal property within its limits; and

(b) to take into account the further fact that there is always in any municipality a proportion of other than federal property which is granted exemption from municipal tax.

In this formula the term "federal property" is taken to mean all federal properties, except such types as parks, harbours and more or less self-contained defence establishments and property owned by crown corporations or agencies. I am presenting a detailed schedule of the excluded categories which, with the permission of the house, I would like to have tabled and printed as an appendix to this statement. Certain of these excluded categories may, however, be included in the calculations for any particular municipality if such municipality can demonstrate that special conditions exist which warrant such inclusion.

It will be noted that while school taxes are taken into account in determining the amount of a grant, the total amount will be paid to the municipal corporation, which will have the responsibility of applying the amount of such grant in the best interests of all taxpayers in the municipality. It is clear, of course, that any contribution to the cost of any local service eases the burden on taxpayers generally for the total cost of their local services.

Perhaps I might now be permitted to give an illustration of how the formula would work out in the case of a hypothetical municipality. Take a municipality which has total tax assessments of $100 million. Using the same assessment practice, the total assessment of federal properties would amount to $10 million, or 10 per cent of the total. The municipal tax levy for ordinary and school purposes is $4 million. Our first step is to deduct the national average of federal property assessments to total municipal assessments, assumed at 4 per cent, from the figure of 10 per cent, which represents the corresponding figure for the municipality in question, leaving a net of six per cent. Applying this percentage, six per cent, to the total tax levy of $4 million, we arrive at the figure of $240,000. The grant payable in the case of this municipality would therefore be 75 per cent of this sum, namely, $180,000.

It will thus be seen that under the program which we are now prepared to recommend, the federal government intends to assume a proportionate share of the cost of maintaining ordinary municipal services in any municipality where the concentration of federal property is in excess of the national average. In return, the federal government will seek treatment in the matter of municipal services not less favourable than that accorded to ordinary taxpayers.

Crown Properties

It is proposed, in addition, to pay in future to any municipality in receipt of this type of grant a further temporary adjustment grant whenever the crown acquires a new piece of property in that municipality. This grant will ensure that the municipality will receive full taxes for the year in which the property is acquired, either from the vendor or from the government, depending on the sales agreement, plus full taxes in the succeeding year, and one half of taxes in the next following year. At the end of this period the assessed value of such property will be included in the total of federal assessment of the municipality—with a commensurate effect on the regular grant.

For any municipality where no regular grant is made because total federal property in that municipality is below the national average, the government proposes in future to pay, in respect of any piece of property acquired by the crown, full taxes for the year of acquisition in the same way as above, plus full taxes for the succeeding year and in each of the next three years grants of respectively 75 per cent, 50 per cent and 25 per cent of the full taxes. At the end of this five-year period no further grants will be paid. These temporary grants are intended to permit the municipalities to adjust themselves to the loss of specific tax revenue upon the acquisition of property by the crown.

We will also propose the payment as soon as possible of all proper arrears and charges for local improvements against federal real property in any municipality, and the payment of all local improvement charges as they occur in the future.

In addition it is the intention of the government to pay for all charges for water received at government buildings on a meter basis.

Finally, I wish to say a word about the position of property held by crown corporations. With respect to such property the situation is complicated, but in general the policy of the government will be to authorize its crown corporations to work out fair and equitable agreements with the municipalities in which their properties are situated.

In the case of residential housing property owned or managed by the Central Mortgage and Housing Corporation, there are already agreements with municipalities providing for payments in lieu of taxes. Because agreements between Wartime Housing Limited and the municipalities in relation to war workers' houses provided for payments in lieu of taxes which were considered insufficient, the Minister of Reconstruction and Supply on July 22, 1946, indicated that these agreements could be renegotiated with the corporation, with corresponding increases in rents to be paid by individuals to meet the adjusted payments in lieu of taxes. Most agreements of this kind have now been renegotiated, and the balance can be renegotiated if the municipalities so desire. In regard to housing properties completed since 1947 and under current programs, payments in lieu of taxes are being made in accordance with agreements negotiated with the municipalities which are believed to be equitable and will not be renegotiated.

In the case of the government-owned railways operated by the Canadian National Railways, agreements have been entered into with the cities of Halifax and Saint John for the payment of reasonable amounts in lieu of taxes. I understand that the Canadian National Railways will endeavour to work out similar arrangements with other municipalities through which the government-owned railway runs.

In general, as I have indicated, the policy will be to have crown corporations work out arrangements with municipalities which are fair and equitable under all circumstances.

It should be clear from what I have said that the government intends to pursue policies in respect to its federal real property which will assure fair and equitable compensation to those municipalities which have a genuine burden as the result of the presence of federal property within their boundaries, and will assure the payment of legitimate costs as they occur in connection with its properties.

The government proposes to make immediate arrangements to have its property assessed by its agents for the purpose of determining the grants to be paid. Preliminary information indicates that, in a number of cases at least, local assessments of federal property are considerably inflated. It should be borne in mind that such assessments have been made without contest or rebuttal by the federal government, because hitherto the assessment of federal property has been a matter of academic interest only.

While the procedure of assessment will probably require a couple of years to complete, it is proposed to institute the program I have outlined as of the 1st of January, 1950. Actual payments in some cases may be delayed, but they will be made retroactive. For obvious reasons it will not be possible to institute the system of grants for those municipalities having within their limits federal properties to an extent near the assumed national average of four per cent until the actual certification of the figures has been

completed. However, for those municipalities which, according to our rough preliminary figures, would seem to be clearly within the ambit of the new scheme, we propose, if our recommendations are accepted by parliament, to commence payments as soon after January 1, 1950, as possible, withholding 25 per cent until the final determination of figures has been completed. Adjustments will be made retroactively.

Figures now available would indicate that there are something over one hundred municipalities where there is a concentration of federal property in excess of the national average. I hesitate at this time to make any estimate of what the total annual cost of the entire program will probably amount to but I believe it is likely to be in the vicinity of $5 million.

This new program will supersede any existing arrangements with certain municipalities, such as those which formerly existed with the city of Ottawa. This city, the capital of the dominion, is not only the most outstanding case amongst the municipalities affected by a substantial concentration of federal property, but the situation is rather more complicated here, because of the proposed development of the national capital plan. This has, I am afraid, led to some confusion, and we think it important to a clear understanding of the proposals we are making, and to a satisfactory solution of our relationships with the city, that it be clearly recognized that in the case of the city of Ottawa there are two distinct and separate problems: first, the problem arising from the presence of a large amount of tax-exempt federal property within the city limits; and second, the financial problem which may be faced by the city in fulfilling its part in its own development as the national capital of Canada, as envisaged in the Greber report.

We fear that confusion in regard to these two problems has made them seem a lot more difficult and complicated than they really are. The discussion of relative participations in some new capital planning project has been complicated by arguments based on inadequate compensation for abnormal concentration of federal property, and vice versa. At times also statements have been made which appear to overemphasize the burdens placed upon the city by the presence of federal property or fail to take into account the contribution which the federal government is already making. Perhaps it is well that all hon. members should first be clear about this latter point. At the present time the federal government does its own policing, paves and maintains a good part of Wellington street, the federal district highways, Clemow avenue and two bridges over the Ottawa river, with the approaches thereto; maintains the federal district parks system, including a few of the city's own parks; collects and disposes of garbage from its own buildings; pays for all the water it uses at the fair rate of 20·82 cents per thousand gallons, and pays to the city an annual grant of $300,000 in lieu of taxes. On the other hand, the city supplies light and water for the parks and parkways within the city limits to which I have referred.

I wish now to outline the new arrangements which we are proposing. In regard to Ottawa's first problem arising from concentration of federal property, the government believes that the city should be treated in this respect in exactly the same way as a great many other municipalities which are confronted with the same problem in greater or less degree. In other words, if parliament approves the general program of grants I have outlined, the city of Ottawa will receive as from January 1 next a grant in lieu of taxes determined on the basis of the same formula as that applicable to all other municipalities. However, the arrangement which has been in effect in the past lapsed on June 30 last, and it is therefore necessary to decide on a grant to the city for the rest of the current year. I am happy now to announce that the government has decided to recommend payment to Ottawa of an interim grant of $250,000 to cover this six-months period. For the present it is not proposed to disturb the existing arrangement whereby the government now provides certain services for itself in Ottawa, as I have indicated. However, in accordance with our intention of seeking equal treatment in future in the matter of municipal services, these arrangements will be reviewed with the municipality when the new plan of regular grants in lieu of municipal taxes comes into effect.

Having disposed of this first problem in the way suggested, we hope it will now be possible to deal with the second problem separately and on its own merits. This second problem arises, as I have already indicated, from the necessity of financing the development of the national capital. For some years past, as the house is aware, members of the federal district commission and others who are members of the national capital planning committee, including a number of experts, have been working on a plan for the development of the capital. A master plan is being prepared setting out on broad lines the developments which should be followed from year to year by the different authorities and organizations having to do with the development of the capital.

From the very outset it has been recognized that the implementation of any master plan

befitting the requirements of a national capital would involve developments of a character beyond the municipal improvements ordinarily required in other cities. This was foreshadowed in the report, dated August 1, 1944, of the joint committee of the Senate and the House of Commons appointed to review the special problems arising out of the location of the seat of government in the city of Ottawa. The resolution which was passed by this house in June, 1948, explicitly recognized that fact and its corollary that "the development of a national capital is at least in part a national responsibility." For that reason the resolution went on to recommend the creation of a special account in the consolidated revenue fund, to be known as the national capital fund, to which appropriations would be made annually by parliament over a period of years of the amounts required from time to time to meet the costs of such projects as might be recommended by the federal district commission and approved by the governor in council for the development of the national capital and the surrounding area in accordance with the developing master plan. As hon. members are aware, the sum of $2½ million was voted to be set aside in that national capital fund last year, and a similar item is included in the estimates for the current fiscal year.

On behalf of the government, therefore, I now wish to make it clear that we are prepared to see appropriate assistance given on the recommendation of the commission in the case of those individual projects which are considered essential in the development of the national capital plan, and yet would not be undertaken, at least not in the same form or to the same extent or at as early a date, if Ottawa were not the capital of our country and it were not necessary to have regard to the future development of the country as well as of the municipality. This would include, for example, part of the extra cost that might be necessary to make a new city hall comply with the architectural requirements of the national capital plan if the city should eventually decide to place it in a location where such additional standards would be required. Another example would include certain features of the Gore and Storrie report on sewage and water supply, and new Sussex street bridges over the Rideau river to complete the gap in the eastern end of the driveway system.

The federal district commission has power to discuss with the city participation in any one of these individual projects or developments. Any project will be considered on its own merits and on the degree of its relationship to the city as an ordinary municipality or to the national capital, as the case may be.

Furthermore, the government proposes, in addition to the regular grant to the city, to make additional funds available to the federal district commission to cover additional expense which it may be necessary for the city to incur in co-operation and agreement with the commission in carrying out its obligations under provincial planning statutes, such as zoning and laying out on the ground by surveys the necessary features of the national capital plan. The amount of funds so made available will not be a fixed grant, but it is likely to vary to some extent from time to time, depending on the projects likely to be undertaken during the period in question.

It is the hope of the government that by keeping our consideration of this national capital development problem separate and distinct from the other general problem to which I referred in the early part of my remarks, we shall be able to remove the confusions and misunderstandings that may have existed in the past and secure the effective co-operation of the city authorities in promoting the growth and development of this beautiful city in its role of the national capital.

In conclusion, may I say that we would propose to ask for parliamentary approval of the interim grant to Ottawa and the initiation of the program for the whole of Canada by a special estimates item to be introduced at this session of parliament. I believe only a modest appropriation of funds at this session, over and above the amount of the interim grant to Ottawa, will be necessary to make possible the setting up of the necessary establishment in the Department of Finance, work out details of procedure, begin the job of assessments of federal property and provide for such initial grants as may have to be made before the close of the present fiscal year. At the next session it would be our intention to introduce a bill to provide permanent statutory authorization of the program as a whole.

(Schedule of excluded categories follows:)

APPENDIX

Detailed Schedule of Categories Excluded From the Definition of Federal Property

Total federal property shall mean all federal property within municipal boundaries in organized territory, except:

(1) All military, naval and air force establishments which are self-contained or substantially so.

(2) All harbours, canals and other lands held in connection with the federal government's responsibility for navigable waters.

(3) All lands held in connection with land conservation, irrigation, rehabilitation and forestation.

(4) All penitentiaries and D.V.A. hospitals where they are outside of urban municipal boundaries and/or self-contained or substantially so.

(5) All parks and parklands and historical sites and other improvements of a like nature.

(6) All property held by crown corporations or agencies.

(7) Canadian government-owned railways.

(8) Property of Central Mortgage and Housing Corporation.

Any of the above types of property in classifications 1 to 4 inclusive may be included in whole or in part for the purpose of determining the principal grant if in the opinion of the minister a municipality has demonstrated a good case for its inclusion.

Mr. Green: Will the minister file a list of the municipalities which it is expected will become eligible for assistance?

Mr. Abbott: No, I am afraid that is not possible, because, as I indicated in the course of my statement, our survey of values of federal properties is still pretty rough. We know some, of course, that are clearly within the purview of the statement. Cities such as Ottawa, Halifax and Esquimalt are obviously within that sphere, but other than indicating one or two obvious cases, I would prefer at this stage not to attempt to give any list.

Mr. Church: Are there other cities in which bodies such as the Toronto transportation commission and the Toronto hydro pay full federal, provincial and municipal taxes, as private corporations do?

Mr. Abbott: In no municipality does any agency of government, so far as I know, pay full federal taxes, unless it be under the equitable tax agreements negotiated by certain crown corporations, such as the Central Mortgage and Housing Corporation.

Mr. Church: Sir James Whitney went as far as that thirty-four years ago.

Mr. Graydon: Will there be any appeal from the assessment figure that is finally decided upon by the government?

Mr. Abbott: No.

Mr. Drew: There is one point I should like to have clarified. As I understand the minister's statement, the plan now put forward provides for a system of compensation for taxation, other than business taxes, only in those municipalities which are above the national average of concentration of dominion government property, and as to any other case the plan will not apply, other than to provide for certain adjustments of taxes in the first year after purchase.

Mr. Abbott: That is correct. It will be only in those municipalities where there is an abnormal concentration of federal real property.

Mr. Graydon: That is the government's escape clause.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 177, for the relief of Shirley Patricia Susan Oakes Rowlands.—Mr. Winkler.

Bill No. 178, for the relief of Margaret Adeline Bodley Cabana.—Mr. Winkler.

Bill No. 179, for the relief of Mary Letinetsky Nemeroff.—Mr. Winkler.

Bill No. 180, for the relief of Norah Helen Jarrett McCaffrey.—Mr. Weir.

Bill No. 181, for the relief of Elizabeth Karaszi Bergeron.—Mr. Winkler.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

CANADA SAVINGS BONDS

Mr. Black (Cumberland):

1. What were the total sales of 2¾ per cent Canada savings bonds in each of the years 1946, 1947 and 1948?

2. What have been the cancellations or redemptions of each issue to date?

3. What was the cost of marketing each issue?

Mr. Abbott:

1, 2 and 3.

Series 1—October 15, 1946 to September 30, 1947, total sales, $535,285,550.00; redemptions to October 31, 1949, $235,287,150.00; costs of flotation, $4,457,649.87.

Series 2—October 15, 1947 to September 30, 1948, total sales, $287,733,100.00; redemptions to October 31, 1949, $121,681,200.00; costs of flotation, $2,094,146.07.

Series 3—October 15, 1948 to September 30, 1949, total sales, $260,476,100.00; redemptions to October 31, 1949, $53,339,450.00; costs of flotation, $2,120,605.59.

WAR VETERANS ALLOWANCES

Mr. Green:

1. How many veterans were in receipt of war veterans allowance as of October 31, 1949?

2. How many of such recipients have made application for assistance from the special assistance fund?

3. How many have been granted such assistance?

Mr. Mutch:

1. 25,918.
2. 3,174.
3. 2,444.

INTERNATIONAL SUGAR COUNCIL

Mr. Blackmore:

1. Was Canada represented at the international sugar council of representatives of seventeen governments, reported to have been held in London within the last two months?

2. If not, why was Canada not represented?

3. If so, who was the Canadian representative?

4. Did the Canadian representative request that before the international sugar council should consider any measures for limiting the sugar production in any country the council should make sure

that adequate provision is made for production of enough sugar to supply the needs of the total population of the earth?

5. Does Canada aim to be represented at the next international sugar council, tentatively planned to be held not later than next July?

Mr. McIlraith:

1. A Canadian representative attends meetings of the international sugar council in the capacity of an observer only.

2. Answered by No. 1.

3. The Canadian commercial counsellor in the United Kingdom, Mr. A. E. Bryan.

4. Answered by No. 1.

5. The nature of the Canadian representation will be determined in due course.

CANADIAN NATIONAL RAILWAYS—PROPERTY AT GRAND BEACH, MAN.

Mr. Sinnott:

1. Have any negotiations been carried on during the last year to dispose of Canadian National Railways property at Grand Beach, Manitoba? If so, with what result?

2. What arrangements have been made to carry on concessions at Grand Beach, Manitoba?

3. Has there been an offer made by an American firm to buy outright the property owned by the Canadian National Railways at Grand Beach, Manitoba?

4. If so, for how much and who was the party submitting the offer?

Mr. Chevrier:

The Canadian National Railways advise as follows:

1. No.

2. None.

3. No.

4. See answer to No. 3.

WHEAT—PAYMENTS FOR STORAGE

Mr. Diefenbaker:

What is the total amount paid by the wheat board for storage of wheat between the first day of August, 1948, and the first day of October, 1949, with particulars as to the companies to whom payment was made, and the amount paid to each?

By arrangement with the Minister of Trade and Commerce, this question will be dropped in order that it may be reworded.

Mr. Speaker: Question dropped.

INTERNATIONAL FEDERATION OF AGRICULTURAL PRODUCERS—GUELPH CONFERENCE

Mr. Catherwood:

What action has been taken by the government with respect to the recommendations passed at the conference of the international federation of agricultural producers, held in Guelph in June of this year and subsequently approved by the food and agriculture organization of the united nations and presented to the governments of the fifty-eight countries, including Canada, for consideration?

Mr. McCubbin: The recommendations passed at the conference of the international federation of agricultural producers were referred to the council of FAO at its meeting in Paris last June. The council instructed the director-general of FAO to appoint a committee of experts to study them and to consider other proposals for facilitating the distribution of surplus commodities. The committee prepared a report which was forwarded to member governments of FAO for their consideration before the annual conference of FAO, at which the report will be dealt with by the representatives of member governments.

NICKEL AND NICKEL MATTE—SHIPMENTS TO EUROPE

Mr. Herridge:

1. What amount of nickel or nickel matte has been shipped to European countries during the years 1946, 1947, 1948 and to date in 1949?

2. What amount was shipped to each country during each of these years?

Mr. McIlraith:

1 and 2.

Nickel contained in matte

	1946 Cwt.	1947 Cwt.	1948 Cwt.	Jan. 1 to Sept. 30 1949 Cwt.
United Kingdom .	198,738	390,532	456,708	410,002
Norway	184,958	208,038	179,363	185,709
Totals	383,696	598,570	636,071	595,711

Nickel contained in oxide

United Kingdom .	4,772	6,726	5,645	7,683

Nickel, fine

United Kingdom .	74,240	139,646	48,753	6,240
Austria	—	4,473	—	—
Belgium	9,455	5,323	4,898	879
Czechoslovakia	176	7,836	19	—
France	66,109	56,031	45	58
Germany ...	—	—	—	22
Hungary	—	—	220	—
Italy	23,459	602	25	140
The Netherlands	1,660	3,197	70	—
Spain	—	—	—	44
Sweden	20,997	24,743	6,719	—
Switzerland .	—	56	—	—
Totals	196,096	241,907	60,749	7,383

NATIONAL ART GALLERY

Mr. Church:

1. What has been done since last session of the house to decide the question of a new national art gallery for Canada?

2. Has the president of the National Art Gallery, Dr. H. S. Southam, M.A., LL.D., resigned?

3. Will appropriate action be taken to thank him for this important national work herein?

Mr. St. Laurent:

1. The government has given consideration to the question of a new building for the National Art Gallery of Canada and has authorized the board of trustees to proceed with the necessary preliminary inquiries regarding the most suitable type of construction.

2. Mr. Southam has resigned as chairman of the board of trustees, but he remains a member of the board.

3. On the occasion of Mr. Southam's resignation Mr. Mackenzie King, who was then prime minister, expressed to Mr. Southam, in a letter dated January 29, 1948, the appreciation of the government for the fine services which he had rendered. A copy of this letter appears below. It gives me much pleasure now to add my thanks and appreciation for what Mr. Southam has done and for the support which he continues to give to the national gallery.

Office of the Prime Minister
Canada

Ottawa, January 29, 1948

H. S. Southam, Esq.,
Ottawa.

Dear Mr. Southam:

The government has acceded reluctantly to your request to be relieved of the responsibilities of the chairmanship of the board of trustees of the national gallery. I should, however, not like the occasion to pass without expression, on behalf of the government, a word of appreciation of the fine national service you have rendered in the nineteen years you have been chairman.

During that period the national gallery has made a steadily growing contribution to the cultural life of our country, and has become in increasing measure, not merely a repository of the art treasures of the nation, but also a centre of artistic inspiration. Under your chairmanship the board of trustees have guided and fostered this development and laid enduring foundations for the future of the national gallery.

It is a source of satisfaction to the government that you are to remain as a member of the board, in which capacity we know you will continue to render valuable service to the national gallery and to the appreciation of the arts in the country at large.

With kind personal regards,

Yours sincerely,
W. L. Mackenzie King

NATIONAL LIBRARY

Mr. Church:

1. What has been done since the last session of the house to decide the question of a new parliamentary library?

2. Have any plans been prepared for it?

3. What action will be or has been taken on it?

Mr. St. Laurent: I assume that the hon. member is referring to the proposed national library for Canada.

The royal commission on national development of the arts, letters and sciences has been asked to consider the "ultimate character and extent" of the national library, and no large-scale developments will take place until the report of the commission has been received. Meanwhile, however, much useful preliminary work can be done. The national library advisory committee, which the government appointed about a year ago, met in March last, and recommended that a bibliographic centre be established without delay. An appropriation of $18,950, included in the supplementary estimates submitted recently to the house, will enable a start to be made upon the organization of this centre within the next few months. The civil service commission will soon invite applications for the first four positions on the staff of the centre, and work on a national union catalogue should start immediately after the new year. To begin with, this catalogue will list the contents of the thirty-five or more libraries in Ottawa belonging to the various branches of the federal government. Later the contents of special collections elsewhere, such as the famous Canadiana collections in the Toronto public library and the Gagnon collection in the Bibliothèque Municipale in Montreal, will be included. The intention is that ultimately the union catalogue should list the contents of every important library in Canada.

PENITENTIARIES—FIRE INSPECTION

Mr. Church:

1. Did a fire take place recently at the Kingston penitentiary?

2. What fire inspection is there in these institutions?

3. Are they under the administration of crown officers of the justice department, such as the commissioner?

4. Was the said commissioner present when the fire happened, or did he learn of it from his officials who were present?

5. Has the minister visited any of the penal institutions since his appointment?

Mr. Garson:

1. Yes.

2. Under the warden the plant engineer is responsible for the fire protection service in the penitentiary. The plant engineer is the penitentiary fire chief. Fire inspections are held regularly and reports submitted to the office of the commissioner of penitentiaries every three months.

3. Yes.

4. The commissioner was not present. He learned of the fire from the warden.

5. No.

Combines Investigation Act

QUESTION PASSED AS ORDER FOR RETURN

NORTH SHORE CONSTRUCTION COMPANY—CONTRACTS

Mr. Gagnon:

1. Have any contracts been granted to the North Shore Construction Company, Limited, 307 Castle building, Montreal, by departments of the federal government, since 1940?

2. If so, for what amounts and in what places?

3. What are the names and addresses of the officers of the said company?

MOTIONS FOR PAPERS

COMBINES INVESTIGATION ACT—PRICE FIXING AGREEMENTS

Mr. Coldwell:

For a copy of all letters, memoranda and communications from Mr. Donald Gordon, or any member of the staff of the wartime prices and trade board to the flour milling industry or any flour milling company authorizing the making or maintenance of price agreements between December 1, 1941 and September 15, 1947, or subsequently. Also, for any communication giving the flour milling industry any assurance that price fixing agreements made during the control period would not make them liable to action under the Combines Investigation Act.

Mr. Coldwell:

For a copy of all communications, memoranda, etc., from Mr. Donald Gordon to the Minister of Justice or to the Minister of Trade and Commerce, reporting any assurances given by the wartime prices and trade board to the flour milling industry or companies that they would not be held liable under the Combines Investigation Act for price fixing and similar agreements or understandings reached among them between December 1, 1941 and September 15, 1947.

PRAIRIE FARM ASSISTANCE ACT

AMENDMENTS WITH RESPECT TO ELIGIBLE AREAS

Hon. Alphonse Fournier (for the Minister of Agriculture) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a bill to amend the Prairie Farm Assistance Act, 1939, by reducing the area taken out of payment in an eligible area when contiguous to an ineligible area; by reducing the size of an eligible area within an ineligible township and contiguous to one that is eligible; and to bring into payment any half township outside areas already established on a legal township basis but not contiguous thereto.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Motion agreed to.

[Mr. Garson.]

COMBINES INVESTIGATION ACT

AMENDMENTS RESPECTING INSTITUTION AND CONDUCT OF PROSECUTIONS, ETC.

Hon. Stuart S. Garson (Minister of Justice) moved the second reading of Bill No. 144, to amend the Combines Investigation Act.

He said: Mr. Speaker, in moving second reading I shall follow the usual practice of discussing only the principles of the bill. Those principles are two. The first is that of withdrawing from corporate accused in prosecutions under the act the option it now has of choosing whether it shall be tried by a jury or without a jury. The second is that in prosecutions under this act there shall be a rebuttable presumption that an employee acting in connection with his employer's business has authority so to act, and a rebuttable presumption that relevant documents in the business files of those involved in an alleged combine are authentic records from which a court or a jury may properly draw any reasonable inferences.

To begin with, may I say that the entire contents of this bill are made up of recommendations of the combines investigation administration, which have been approved by the government.

I shall deal with the principles of the bill in the order in which I stated them.

Under the present law, offences under the combines act and under section 498 of the Criminal Code can be tried only by a superior court judge with or without a jury, at the option of the accused. The proposed amendment provides that, not in the case of an individual but only in the case of a company, the company shall be tried by a supreme court judge without a jury, and shall not have the option of being tried with a jury. After the adoption of this amendment an individual, of course, can still elect jury or non-jury trial at his pleasure.

Jury trials are singularly inappropriate for the trial of combines cases, because of the complexity and volume of the evidence and the length of time required to present these cases to the courts. In that connection I might cite two fairly typical cases. First is Rex *v.* Container Materials Limited et al., where the number of pages of transcript was 5,111, the number of exhibits tendered 323, and the length of trial in days, 39. The second is Rex *v.* Imperial Tobacco Company of Canada and others, in which the number of pages of transcript was 8,798, the number of exhibits tendered 1,127, and the length of trial in days 56.

In these cases the accused invariably are companies or incorporated business firms or officials of such companies or firms or of trade

associations made up of a number of these firms acting in an industry. Of necessity the evidence is largely documentary; and if a dozen or more companies and individuals are indicted, as is usually the case, very close study must be given to their corporate interrelationship one with the other and to the usually involved arrangements into which they enter in order, as alleged, to control prices or otherwise limit competition. Activities of all the accused and their principal employees must be traced in evidence over a considerable period, in some cases over many years, and also in many related aspects.

The presentation of evidence drawn from many different sources and relating to many different matters is extremely difficult in any jury trial, as I think any legal member of this house will agree; and it imposes a heavy burden upon the presiding judge and upon counsel in the submission of the evidence to the jury. An equally heavy burden—in my own view a greater one, as a matter of fact—is placed upon the jurymen, who in almost all cases are laymen in relation to the problems with which the case deals, in analysing and weighing the intricate evidence presented during the trial, which usually occupies several weeks, and ultimately arriving at a conclusion with respect to the involved agreements, arrangements and transactions which form the substance of the charge.

Non-jury trial of charges of this sort permits a much more orderly and concise presentation of evidence to the court and a better-ordered arrangement of the facts brought out in the documentary and other evidence. All documents do not have to be read aloud, as must be done in a jury trial; and when you have exhibits running into the thousands you can see what a tremendous burden is imposed upon counsel on both sides of the case in retaining the interest of a jury throughout the reading aloud of documents. If a judge is trying the case without a jury, he may dispense with the full reading of lengthy records of which only a few passages may be either important or relevant. The possibility of mistrial through death or illness of a juror in cases the trial of which extends over a long period, such as those I have mentioned, or through procedural errors or through misdirection by the trial judge, is avoided or reduced. The length and expense of the trial, both for the crown and for the accused, is also reduced.

Admittedly in some cases two trials may be necessary after this amendment passes, one for the companies and for the individuals who may elect non-jury trial, and one for those individuals who may choose to elect trial by jury. But such a split trial can occur even under the existing legislation. In both the A.B.C. plumbing case in 1931 and the tobacco case in 1941 there were split trials under the present legislation, one trial for those electing a jury and one for those electing non-jury.

In this connection I should like to draw a clear distinction between the principle of withdrawing the privilege of jury trial from a corporation, as we are proposing to do here, and that of withdrawing a jury trial from an individual, which we are not proposing to do. The arguments for a non-jury trial in combines cases could apply, perhaps not to the same extent but to some extent, to trials of individuals as well as trials of corporations, but we are not proposing to withdraw the right of an individual to trial by a jury of his peers, because of the strong British and Canadian tradition in favour of that principle.

We have it in mind that a distinction can be made between a natural person, who must appear in court himself to answer charges and is subject to both fine and imprisonment, and an artificial person such as a corporation, which appears in court only through counsel, and cannot, of course, be penalized by imprisonment. If the rights of the corporation are otherwise adequately protected, there is no unfairness in limiting the trial to a judge without a jury. The prime consideration, we submit, must be the ends of justice and the interests of the public. The public advantages in connection with this matter are many, and we affirm that the corporation is under no undue hardship by reason of the limitation which we propose.

Mr. Diefenbaker: Will the minister permit a question at this point? He pointed to the distinction between a natural person and an artificial person. Is there any provision in either Great Britain or the United States for the denial to an artificial person of trial by jury?

Mr. Garson: I presume my hon. friend's question is intended to be relevant to the matter we are discussing.

Mr. Diefenbaker: The hon. gentleman spoke of the British tradition.

Mr. Garson: In Great Britain, as I understand it, an organization of the type which we have under the Combines Investigation Act has only recently been set up. Last spring the head of that body visited Canada to find out how we were carrying on under our act. The United Kingdom did not propose even to pass an act creating criminal offences until the matter had received careful con-

sideration. I am sure therefore that the question of withholding from a corporate accused the privilege of being tried by a jury has not arisen in that country.

Mr. Diefenbaker: They proceed under the criminal law.

Mr. Garson: I would not want my hon. friend to leave the implication by his question that we are suggesting a change in anything other than the prosecutions under this act or the related section of the Criminal Code. It merely applies to such proceedings. If the hon. member followed my remarks carefully, he must have seen that we were basing the reason for this change upon the nature of this particular type of prosecution.

As I was saying, in Great Britain they have not yet arrived at the point of passing criminal legislation which would correspond to our Combines Investigation Act. The question of their withdrawing this privilege, therefore, from a corporate accused has not yet arisen. I cannot answer my hon. friend's question relating to the United States practice, but in any event their approach to this whole matter is considerably different from our own, as I think he is well aware.

The second principle has to do with the establishment of the rebuttable presumptions to which I have already referred. The necessity for introducing amending legislation at this time, as I am sure all members are aware, has arisen by reason of the uncertainty in the law resulting from the decision of the Ontario court of appeal in February, 1949, in the dental supplies case. The problem created by this decision has been carefully studied, first of all, by the leading counsel in that case, and then by the legal advisers of the Department of Justice, as well as the combines investigation branch of that department. Section 3 of the proposed bill represents the results of that study.

Perhaps some considerable amount of light will be shed upon the provisions we have before us for consideration if I make some reference to the dental supplies judgment. The prosecution of members of the Canadian Dental Trade Association was undertaken by the Attorney General of Canada after a report had been made by the commissioner alleging that a combine existed amongst the various members of the association, which included both manufacturers and dealers. Eighteen corporations with head offices in various parts of Canada were tried at Toronto in March, 1948. At the end of the crown's case, the trial judge acquitted the accused, upon the ground that some five hundred documents presented as evidence during the three weeks of trial had not been sufficiently authenticated. This judgment was confirmed by the unanimous judgment of the court of appeal on February 28, 1949. The argument on appeal was heard in the fall of 1948, the latter part of September and October, but the judgment was reserved and was not delivered until 1949.

The documents on which the crown based its case had been introduced in evidence on proof that they came from the business offices of the accused companies and that, coming from those offices, they had evidentiary value. Crown counsel argued that the court should apply to the companies the principle, long established in conspiracy trials, that documents and other things found in the possession of the accused are evidence against him. The crown claimed that the contents of these documents fully established the interest of the companies in the alleged illegal agreements, and also established the authority of the officers and employees to enter into those agreements on behalf of their respective companies. The trial judge, although at the beginning of the trial he had admitted these documents in evidence, rejected the crown's argument and refused to let the documents go to the jury, on the ground that they had no probative value without further proof.

When the case came before the court of appeal, the court, in a unanimous decision delivered by the chief justice, confirmed the trial court judgment and established the principle that where companies are accused, the criminal acts which are charged against them must be brought home to the companies by more direct evidence than the filing of these seized documents. In this connection the chief justice stated:

> The proof required, however, in the case of a company, differs somewhat from that required in the case of an individual. If the act relied on is that of an officer, servant or agent of the company, there must be evidence that he had authority from the company to perform the act. Mere possession of a document by a company, in the sense that the document was on its premises, and even in the company's files, may not, without more, afford ground for an inference that its contents had come to the knowledge of its board of directors, or of someone having authority from the company to deal with the matters to which the document relates.

At a later point in his judgment his lordship said:

> There is, however, one objection common to all the letters. There is no evidence that the writing of any of them was authorized by any of the accused companies, nor is there evidence that anyone having authority to bind the company had any knowledge of the sending of any of the letters or of their receipt or of their contents.

Sir, most combines cases involve combination or conspiracy among a large number of companies, and usually over a considerable period of years. The basic agreement between the companies, if it exists, and if illegal, is normally secret and not contained in any

formal documents. Ordinarily its existence, its nature and its effect must be deduced from the acts of company officials recorded in a vast amount of correspondence, memoranda, and other documents found on the files of the companies and their associates. Oral evidence of these facts is often not available or singularly unreliable. It requires no great amount of imagination to realize that, when you are seizing documents in the possession of the corporate accused, the securing of corroborative oral testimony from the officials or employees of the accused corporation is in the nature of things a difficult matter.

If no amendment such as we now propose in this instance were made, the crown, in most combines cases, would be required to prove by oral evidence the authority of company officials to bind their company, and in effect we would be required, directly or indirectly, to supply oral proof of virtually all the facts which are set forth in the documents.

In the trial of offences in conspiracy cases, this so-called possessory principle has been frequently applied. Its application in a case of this sort means that these incriminating documents would, without oral proof, have such probative force as the jury or the judge might be disposed to give to them. One of the effects of the decision in the dental supplies cases is that of making a distinction between individuals accused and corporations accused with regard to the possessory basis of proof.

Mr. Diefenbaker: That was not a new principle. It was not enunciated for the first time in that case.

Mr. Garson: Well, I am stating that it was enunciated in that case, and no more than that. When my hon. friend speaks he can show that it was not enunciated for the first time in that case.

Another practical result of the dental judgment is that if this amendment is not enacted the crown will have to prove by oral evidence the authority of company officials to bind their respective companies. This means that positive proof would have to be given by word of mouth, by having witnesses of virtually all the facts which, under the possessory rule in the case of individuals, can be inferred from mere possession.

Mr. Smith (Calgary West): That is what made me wonder why the minister did not appeal the judgment. I think it is wrong.

Mr. Garson: If my hon. friend thinks that the judgment is wrong, I hope he will support this amendment.

Mr. Smith (Calgary West): That is a different principle altogether.

Mr. Garson: If witnesses from the companies must be available to prove authority, they will usually be capable of proving by direct oral evidence the writing of the documents and the truth of the facts stated in them. Thus the dental judgment gravely limits the application of the possessory principle, and tends to establish one principle for companies which are accused and another principle for individual persons who are accused.

In considering this amendment one of the facts which must be realized is that these combines prosecutions are not by any means ordinary run-of-mine pieces of litigation. Because of the special nature and the extraordinary complexity of combines cases, in all instances except the most extremely simple ones an unnecessarily heavy burden is placed upon the crown by the decision in the dental supplies case.

The problem which the crown faces in a typical combines prosecution can be illustrated by the following paragraph from the memorandum of fact and law submitted by the crown to the court of appeal in the dental supplies case. This is an extract from our factum in that case:

> 24. In this case counsel for the crown were instructed that there were over 2,000 relevant documents in the possession of the accused extending over a period of eighteen years. The proving of all these documents by proof of handwriting or other execution was impossible in practice, and any substantial attempt to do so would have taken months of trial, required the attendance of witnesses from all parts of Canada and abroad and would have left unproven in that way, documents vital to the case.

That is to say, it would take months; it would involve the bringing of witnesses from all over Canada and abroad. Even then there would be vital documents which it would be impossible to prove by oral evidence because oral evidence in relation to them does not exist; although, if they had been tendered in respect of an individual case or a natural person, the mere fact that they had been taken from the possession of the accused would admit them as evidence for whatever probative value the jury or the judge might think they should have.

In this connection, Mr. Speaker, there is one thing I should like to emphasize strongly. We are not suggesting for a minute that the presumption which the tendering of these seized documents establishes against the accused is an irrebuttable and conclusive presumption. All we are saying is that we put them in for whatever value the court chooses to give to them, and the accused, if they be innocent, can then come forward with cogent evidence to the contrary and rebut the presumption which has been raised by the admission of these documents.

I hold in my hand the report on some leading cases of law relating to this possessory principle. I do not think I shall detain the house with them. Perhaps it would be preferable if I let the hon. member for Lake Centre (Mr. Diefenbaker) develop the legal proposition to which he referred a few minutes ago, and if necessary I can reply to him at the close of the debate.

But this much should be said. I think the hon. member will agree with me that, so far as natural persons are concerned, the possessory principle is well established. So far as the principle applies to the corporate accused, we have successfully invoked it in several of the prosecutions, in order to establish a case. The cases of Rex *v.* Simington and Rex *v.* Container Materials Limited, to give two of them, are in point.

One of the reasons this proposed change in the legislation is necessary is that it has been the experience of the combines investigation administration that where agreements, illegal under the Combines Investigation Act, are entered into, it is seldom indeed that the board of directors of an accused company goes to the trouble of formally authorizing the entering into of that agreement by their concern. It is also seldom that any person in an official capacity in a company does so. And if it be necessary in these cases, where the documents seized from a corporate accused, when they are pieced together in a very large jigsaw puzzle—if that is the appropriate figure of speech—show the establishment of the agreement, that we then have to show that the board of directors authorized it, or that the general manager authorized the agreement, I should think there would be very few occasions indeed where it would ever be possible to secure a conviction.

Mr. Smith (Calgary West): What officers does the minister think could give such authorization? Would a sales manager be sufficient?

Mr. Garson: I do not think there is any statement as to what particular officers could do so. The point, in reply to my hon. friend's interjection, is that the onus is upon the crown to show that the acts complained of were authorized by some person who had authority.

Mr. Smith (Calgary West): It is a normal onus, in any case.

Mr. Garson: It is a normal onus in most cases where the agreements you are attempting to prove are legal ones upon which a company may be suing or depending to establish a defence. But where an agreement is an illegal one, a prudent company does not as a rule delegate to its responsible officers, or its people with authority, the forming of illegal agreement.

[Mr. Garson.]

I think it might be of service, and shed some light upon the matter, if I were to refer to some of the typical documents which have to be put in evidence in cases of this kind. Almost all evidence in a typical combines prosecution consists of informal documents such as minutes, memoranda and some letters. Only very rarely is the case based, either in whole or in part, upon any formal contracts or agreements between the parties. Usually the informal documentary evidence either specifically describes the agreements or contains statements which clearly warrant the inference that agreements were entered into.

Most of the evidence submitted consists of documents coming from the possession of or otherwise proved as originating from someone who has participated in the alleged combine. Again, the documents almost always come from members—usually incorporated companies—of the combines who are actually accused. They may thus come from the accused companies or firms, from their branches, or from the possession of officials of such companies or of such firms.

Another important body of evidence is usually found in the possession of the secretary of the trade association to which the accused belonged—a trade association which in some cases the crown alleges was formed for the purpose of achieving an illegal agreement of the firms in it. Occasionally evidence may be found in the files of companies which were originally in the combine but which have now discontinued business or have been taken over by accused companies.

As I have already indicated, documents adduced as necessary evidence sometimes number several thousand. In most cases, however, the most essential or primary evidence may be only a selection of some three or four hundred documents out of the thousands. These usually consist of memoranda purporting to record meetings at which agreements have been made or implemented, and also selected key letters which record or refer to arrangements between the accused. Usually much of such principal evidence is found in the possession of the trade association secretary, although in some cases, where the secretary has carefully avoided keeping incriminating evidence, the documents may be found scattered in the files of the various accused or their associates. Also usually essential are agreed price lists or agreed lists of customers which have been distributed among the members of the alleged combine.

The remaining documentary evidence in a typical case consists of minor memoranda of meetings, inter-office memoranda and a large

body of miscellaneous letters. This remaining evidence is usually of a supplementary nature illustrating or corroborating the essential agreements, showing how they have been carried out through the relevant period and showing the participation of the various accused corporations.

It can be seen, I believe, from the examples I have indicated, that if the law were permitted to remain in the condition in which the judgment of the court of appeal in the dental supplies case has left it, a body blow would be struck at the administration of the Combines Investigation Act; and if this chamber desires that we should continue to have a Combines Investigation Act administration in this country, with powers that are effective, then the passage of the bill now before the house is indispensable and essential to the working of the act. It is upon this basis that we ask the support of hon. members for the second reading of the bill.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, there is a great deal more involved in the motion now before the house than simply the second reading of a bill asking for certain amendments to the Combines Investigation Act.

We are asked to support Bill No. 144, to amend the Combines Investigation Act. The motion is that the bill be now read the second time. In considering the effectiveness of any amendments and the desirability of now adopting second reading of this or any other bill, it is essential that the provisions of the proposed measure be considered in the light of the surrounding circumstances known to hon. members.

The question whether the bill should be read the second time in its present form is related to matters that have already been briefly under discussion in this house. It is true that if the bill receives second reading it will be referred to the committee of the whole house, at which time amendments may be moved to the bill as it stands, or other amendments to the act proposed.

But it goes a great deal further than that. It is now necessary for every hon. member of this house to ask himself whether the proposed amendments are necessary; whether they are adequate, and whether they will have any appreciable effect if the government continues to assert its right to disregard the laws passed by the parliament of Canada. Members of this house are not here merely for the purpose of hearing bills read and registering their votes. Their action here is intended to have some effect. More than that, the time has come for every hon. member to realize that parliament, not the government, is the supreme authority. Under our parliamentary system the government is merely the administrative body chosen from the members of the house by the leader of the government and nominated by the representative of His Majesty the King to form a government. That government at all times is responsible to the house. That government at all times must answer to the house. That government at all times is duty bound to observe in the strictest details the provisions which the parliament of Canada has seen fit to enact as the laws of this country.

The correspondence between the Minister of Justice (Mr. Garson) and Mr. F. A. McGregor, commissioner under the Combines Investigation Act, tabled in this house a week ago, discloses that other amendments have been under consideration. Those amendments have been described by the commissioner, and it would appear that there is no doubt that they were discussed. Already there have been press reports, from what are commonly described as well-informed sources, to the effect that it is intended to review the whole act at the next session of parliament. Presumably the other amendments that were discussed and that are referred to in the correspondence between the Minister of Justice and the commissioner under the Combines Investigation Act will be under consideration at that time. For this and other reasons it should be remembered that what is now before the house is only part of what the government obviously has in mind in regard to this act.

Mr. Garson: I am sure my hon. friend does not wish to misrepresent the government's position. What is now before the house represents the whole of what the government has in mind in relation to this act, and it is so submitted to this house.

Mr. Drew: Then we may take it that the government has no intention at the next session of the house of going beyond the amendments now put forward, so far as it can foresee?

Mr. Garson: I think my hon. friend's difficulty arises from the fact that in reading the letter of the commissioner under the Combines Investigation Act he saw there reference to points that were raised in discussion in the cabinet itself and which never got to the point of being government policy. Government policy which is involved today is the policy set out in this bill. With regard to what may or may not be done at some time in the future by this government, that is another matter entirely, but the government policy that is involved in this matter is set out in the bill.

Mr. Drew: Then we are left in the same difficulty in which we were before; we do not know what the government policy is in regard to this act.

Mr. Garson: It is right in the bill.

Mr. Drew: The minister has made it clear that he is not prepared to say that this bill at the moment represents the full statement made earlier in regard to this matter.

Mr. Garson: That is precisely what I do say, and in case there should be any misapprehension about it, let me repeat it. The bill which is before the house now was drafted on the basis of recommendations made by the combines investigation branch and considered in government council on more than one occasion; other provisions were considered and were, as forming part of this bill, rejected, and the bill now before the house does represent government policy.

An hon. Member: At the moment.

Mr. Drew: It is clear that this bill does represent government policy so far as it goes. Naturally we are not in position to know exactly what has taken place, and a great deal more has taken place than is disclosed by this correspondence. It is for that reason that I propose to introduce an amendment to this motion before the conclusion of my remarks.

Members of this house should know exactly what has taken place. The trouble is that we have had at least two different explanations for the government's action in not dealing with the report of the commissioner under the Combines Investigation Act, which had so much to do with the recent resignation of that experienced official. It will be most helpful to the members of this house if they know what has been under discussion, because the explanations that have been given leave this house in great uncertainty as to what actually took place.

I submit that the motion to give this bill second reading now brings directly in issue in this house the circumstances which have brought the administration of the Combines Investigation Act so prominently to the attention of the people of Canada within these past few days.

In considering what changes, if any, should be made in the Combines Investigation Act, and in determining the procedure which should be followed in deciding what changes should be made, we must of necessity review the position taken by the government in regard to its responsibilities under the act. It is not enough that we examine the cold words of the act. It is also necessary that we examine the attitude of the government toward the enforcement of it, so that we may know how effective any amendment will be, or what further steps should be taken to prevent even this government from defying the law as passed by the parliament of Canada.

Any consideration of the act at this time would be meaningless unless the circumstances leading to the resignation of Mr. F. A. McGregor are carefully examined in every essential detail. A fundamentally important issue is raised by the action of the government following the delivery of Mr. McGregor's report which recommended the prosecution of a number of milling companies for what the commissioner regarded as breaches of the act. It does not seem to me that the question whether there was or was not a breach of the Combines Investigation Act, in the particular case to which I have referred, is really the fundamentally important issue before the house at the present time. The sequence of events is not disputed.

According to Mr. McGregor, the investigation of the alleged combine in the milling industry was started with the knowledge and approval of Mr. Ilsley, who was then minister of justice. So far as I am aware, that statement has not been challenged. If it is correct, then the investigation proceeded with the knowledge and approval of the minister to whom the commissioner is directly answerable. It is clear that the Department of Justice must have been aware at all times that the investigation was proceeding and approved what was being done so far as the conduct of the investigation was concerned.

Mr. McGregor completed his investigation and made his report to the Minister of Justice on December 29, 1948. Section 27 of the Combines Investigation Act leaves no doubt whatever as to what must then be done. It is not optional; it is mandatory. Subsection 5 of section 27 reads as follows:

> Any report of the commissioner or a special commissioner, other than an interim report or a report of a preliminary inquiry under section 13 of this act, shall within fifteen days after its receipt by the minister be made public, unless the commissioner states in writing to the minister that he believes the public interest would be better served by withholding publication, in which case the minister may decide whether the report, either in whole or in part, shall be made public.

There is no authority given to the minister to withhold publication of a report after fifteen days have elapsed unless the commissioner has expressed in writing to the minister his opinion that the interests of the public will best be served by withholding publication of it. Therefore, as of January 13 of this year, the Minister of Justice was in default as to a mandatory requirement of a law enacted by this parliament.

There may be a tendency on the part of some hon. members to think that the question of publication is a relatively unimportant detail. There may be a tendency on the part of some people to regard publication as merely a formality, and to think that the violation by the Minister of Justice of a law passed by this parliament, such violation being with the approval and decision of the government, is in itself a relatively unimportant matter. This is not the opinion that has been held by others; it is not the opinion that was held by the gentleman who preceded the present Prime Minister (Mr. St. Laurent), and whose opinions are so frequently cited with approval by members of the government. Publication was regarded as extremely important, and at all times it was emphasized that the publication of such reports was for the purpose of informing the public as to what had taken place, and of bringing to public attention those things which, by publication itself, might tend to prevent a repetition of the same events.

Mr. St. Laurent: I think the hon. member has made it clear that it is his intention to revive the debate we had last Monday on this subject. It is a wholesome rule that there should not be two debates on the same subject during the same session. Most of what the hon. member has said so far was said last Monday by the hon. member for Lake Centre (Mr. Diefenbaker), and was followed by a lengthy and spirited debate which came to a conclusion just before eleven o'clock on that day. Under the rules of the house I take it that that concluded consideration of the matter for this session. I do not think it would be proper to allow a precedent to be set that the rule precluding repetition of the same debate in the same session should be disregarded.

Mr. McGregor: Just a little steam roller.

Mr. Drew: Mr. Speaker, this is not a revival of the debate introduced by a device employed by the Minister of Trade and Commerce (Mr. Howe) last Monday. This is a debate on a bill to amend the Combines Investigation Act; and unless hon. members are free to discuss the only information they possess as to the way in which the government has administered this act, they will be called upon to decide this point without the opportunity of carrying on an effective debate at all. The introduction of a limited aspect of this subject, and the explanation given by the Minister of Trade and Commerce of his having imposed his views upon the Minister of Justice, in no way terminated the debate on the point now before us. I think it should be explained why it is so essential that we be free to examine the records that are before us. We have two distinctly different explanations.

Mr. St. Laurent: Mr. Speaker, I should like you to rule before the hon. member takes it for granted that what he says goes, without the necessity of any ruling from the chair.

Mr. Knowles: I should like to speak to the point of order raised by the Prime Minister (Mr. St. Laurent), which I regard as one of the most serious points of order to have been raised during the time I have been in this house. Without quoting directly, the Prime Minister paraphrased the words found in May at page 316 of the thirteenth edition. Those words, of course, are quoted in various other volumes, but let us go back to May; he is the authority. The sentence the Prime Minister paraphrased reads:

> It is a wholesome restraint upon members to prevent them from reviving a debate already concluded; and there would be little use in preventing the same question or bill from being offered twice in the same session, if, without being offered, its merits might be discussed again and again.

Surely when one reads a sentence like that it is necessary to see it in its context. Please note that reference is made to the rule which prevents the same question or bill being offered twice in the same session. That rule is found in the same edition of May at page 292:

> It is a rule . . .

Please note that this is not a wholesome restraint; this is a rule, which is quite different.

> It is a rule, in both houses, which is essential to the due performance of their duties, that no question or bill shall be offered that is substantially the same as one on which their judgment has already been expressed in the current session.

There is the rule. You cannot bring before the house again a question or a bill—and a question is a motion—on which the judgment of the house has been taken. I submit, Mr. Speaker, that the question of the McGregor-Garson correspondence, the failure of the Minister of Justice to carry out the law, has not been officially before this house. Certainly the judgment of the house has not been taken on the matter. In support of my contention that the matter has not been before the house I remind you, sir, and members of the house, of the times without number we have been told that the official record of what goes on in this house is the *Journals*, not *Hansard*. Your Honour will remember making such rulings when you were chairman of the committee of the whole in the last parliament. As a matter of fact the ruling that has been given in that connection is

well supported by citation 253 in Beauchesne, second edition:

> The *Journals* are prepared under the direction of the Clerk by an officer of experience called the clerk of journals. They are made up from the Clerk's scroll . . .

And please note these words:

> . . . and whenever any question arises as to any proceeding which has taken place, the *Journals* alone are held to be correct.

Reference has been made to the debate which, according to *Hansard*, took place in this house last Monday, November 7; but I ask you, Mr. Speaker, and the Prime Minister to look at the *Journals*, in other words the *Votes and Proceedings*, for Monday, November 7. On page 211 you will find this entry:

> The order being read for resuming the adjourned debate on the proposed motion of Mr. Fournier (Hull): That Mr. Speaker do now leave the chair for the house to resolve itself again into committee of supply, and on the proposed motion of Mr. Knowles in amendment thereto.

Then follow several paragraphs which constitute the ruling of Mr. Speaker, and the entry goes on:

> The house then resumed the adjourned debate on the proposed motion of Mr. Fournier (Hull): That Mr. Speaker do now leave the chair for the house to resolve itself again into committee of supply.
>
> And on the proposed motion of Mr. Knowles in amendment thereto: That all the words after the word "that" to the end of the question be struck out, and the following be substituted therefor:
>
> "this house is of the opinion that the government should give consideration to the introduction of legislation amending the Income Tax Act so as to make it possible for taxpayers to deduct trade union dues from income before computing the amount of income tax to be paid."
>
> And after still further debate, the question being put on the said proposed amendment, it was negatived on the following division:

Then appears the list of 48 yeas and 108 nays. The next entry is:

> And after further debate, the question being put on the main motion, it was agreed to, on division.

The main motion was that moved by the Minister of Public Works (Mr. Fournier) in the place of the Minister of Finance (Mr. Abbott) for the house to go into committee of supply. I remind the Prime Minister and you, Mr. Speaker, of what I just read from citation 253 in Beauchesne, second edition, which is citation 169 in the third edition:

> . . . whenever any question arises as to any proceeding which has taken place, the *Journals* alone are held to be correct.

I have had an opportunity of discussing this matter from time to time with various officials of this house, both on the floor and outside; and we have been told time and time again—

Some hon. Members: Hear, hear.

[Mr. Knowles.]

Mr. Knowles: The hon. member for Kamloops (Mr. Fulton) is saying "hear, hear" because he was with me during one of those discussions. We have been told time and time again that what has happened in this house on any occasion is what is recorded in the *Journals*. Officially what was before us last Monday was, first, a motion to go into supply and, second, an amendment which I moved with respect to trade union dues. The judgment of the house was taken on those two propositions, first on my amendment and second on the motion to go into supply. The judgment of the house was not taken on the discussion initiated by the Minister of Trade and Commerce with respect to the McGregor-Garson incident.

Well, Mr. Speaker, if that is not sufficient argument to indicate the complete impropriety of the point of order raised by the Prime Minister, I ask you to consider the precedents in the case. I confess I thought this question might be raised, and yet I could not believe it would be. Nevertheless, since one must be prepared for anything in this house, I thought it might be well to spend some time over the week end studying the whole question, and I did so. My study included looking up what has happened in the past, but before I cite precedents I would draw attention to citation 6 in Beauchesne, third edition:

> In the interpretation of the rules or standing orders the house is generally guided, not so much by the literal construction of the orders themselves as by the consideration of what has been the practice of the house with respect to them.

I point out that there is no rule or standing order supporting the contention put forward by the Prime Minister. Rather the rules and standing orders are the other way; but even if there were any citation on which the Prime Minister could draw, such as the first one I quoted from May, page 316, out of its context, you must apply to it the terms of citation 6, which I have just read, that the house is guided by consideration of what has been our practice in the past.

Hon. members will recall that, time and time again, grievances have been raised on the motion to go into supply. Usually they are raised by private members, but last Monday it was a minister. The important point is that permission to discuss these grievances again has been granted when the bill or resolution or the item in question was reached. Never in my experience has the discussion of a matter on a motion to go into supply, provided that no amendment was moved and the judgment of the house taken thereon, been the basis for preventing a discussion at a later stage. Just think for a moment of the significance of such a ruling if, by any chance, it were to be made. It would mean

that from this moment forward, at any time that the government wanted to prevent discussion of a matter under difficult or embarrassing circumstances, a minister could discuss it briefly on the motion to go into supply, and the house would be prevented from discussing it thereafter; that would be the effect of such an unthinkable ruling.

May I now give some of the precedents which can be cited in support of my contention. If I am involved in some of them, it can be understood; because these are the ones of which I thought first when I started looking them up.

In the session of 1948, on the 19th of April, an order in council was passed which lowered the rate of interest and increased the cost of government annuities. The first opportunity of raising the question was on the motion to go into supply on April 27, 1948. There is a particular parallel between that case and this one, because on that occasion there was also before the house, on the motion to go into supply, an amendment moved by my leader, the hon. member for Rosetown-Biggar (Mr. Coldwell) with respect to freight rates. In order to raise the annuities question I had to wait until the judgment of the house had been taken on that amendment, even as last week the Minister of Trade and Commerce (Mr. Howe) had to wait until the judgment of the house had been taken on my amendment concerning trade union dues before he could discuss the McGregor report.

To go back to 1948, when the freight rates amendment had been disposed of, I raised the question of the government's action by order in council on April 19 which changed the rates on annuities, and I was followed by three or four other speakers, all protesting the action taken by order in council. This discussion appears in the 1948 *Hansard* at pages 3358 to 3371. Despite the fact that the question was raised on the motion to go into supply, and was discussed, but without taking the judgment of the house just as we discussed this matter on the motion to go into supply last Monday, when June 17 came and the government moved second reading of the bill to amend the annuities act—just as today the Minister of Justice is moving second reading of the bill to amend the Combines Investigation Act—after the motion was made by the parliamentary assistant to the Minister of Labour I rose and once again protested the action of the government by order in council on April 19, even as I had done on the motion to go into supply on April 27. I was followed, on June 17, by Mr. Menary, then by our old friend Mr. MacNicol, the former member for Davenport, and—

Mr. Speaker: Order. I believe the hon. member could shorten his remarks by merely giving the references, and I could then look them up.

Mr. Knowles: I am prepared to do that. May I emphasize the point that, on that day, approximately seven or eight members were permitted to speak on the second reading of the bill. The question discussed was not the subject of an amendment in the bill; it related to the administration of the act, and in particular the action taken by order in council on April 19. There was no question about this discussion being in order.

Another occasion was that of the change in government policy with respect to Trans-Canada Air Lines flying the Pacific. On May 10, 1948, I raised this question on the motion to go into supply, after asking several questions on the orders of the day. The discussion will be found on pages 3803 to 3805 of *Hansard*. That did not prevent us, however, from discussing the matter again on May 17, 1948, as appears from pages 4022 to 4025 of *Hansard* for that year, 1948.

May I remind hon. members of another well-remembered case which had to do with flood conditions in British Columbia a year and a half ago. On May 31 that matter was brought up by the member for Kamloops (Mr. Fulton) on a motion to go into supply, as appears from page 4592 of *Hansard*. After the debate ended, the motion carried. On June 14 a new motion to go into supply was before the house, and the same question was raised by the member who now represents Coast-Capilano (Mr. Sinclair). This discussion is recorded at page 5203 of *Hansard*, and the motion was passed. On June 21 another new motion to go into supply was before the house, and on that occasion, as recorded at page 5586, the member for Fraser Valley (Mr. Cruickshank) introduced the subject. At neither of these subsequent points was it ruled that the matter could not be discussed again because it was discussed on a previous motion to go into supply.

Another interesting case can be found back in 1941—I have not the page numbers of *Hansard* for the 1941 case, but it is recorded at the end of volume II and the beginning of volume III. The motion to go into supply was amended by the former member for Haldimand, Mr. Senn, and a lengthy debate ensued on the amendment. The amendment was proposed on March 26, and the debate was still in progress as late as April 7. It was the general desire of the house to get into committee of supply, so it was agreed that the member be permitted to withdraw his amendment. He withdrew the amendment on April 7 to permit the house to go into

committee of supply, and on the next day, April 8, the member for Lake Centre was permitted to move the same amendment and reopen the question, on the theory that in the previous debate there had been no decision because the amendment had been withdrawn. In other words, the judgment of the house had not been taken.

Something of a precedent has already been set in this session. In the course of his remarks on the address, the member for Vancouver-Quadra (Mr. Green) had something to say about the pipe line which is going into Wisconsin instead of to the lakehead. Later, on October 4, as appears on page 519 of *Hansard*, on a motion to go into supply the member for Vancouver-Quadra raised the question again. But even though the question had thus been raised on the motion to go into supply, that did not prevent the member for Calgary West (Mr. Smith) from discussing the subject when he spoke on the budget on November 1, as recorded at page 1327 of *Hansard*.

Members of this house who have been here for some time know that repeatedly, on a motion to go into supply, members have raised such questions as veterans affairs, housing, old age pensions, Prairie Farm Assistance Act, Prairie Farm Rehabilitation Act, unemployment—

Mr. Speaker: The hon. member may complete his remarks, but I think he should just give his references.

Mr. Knowles: I submit that the point of order which the Prime Minister has raised is one of the most important that has been raised on the floor of this house, but since it is one o'clock—

Mr. Speaker: I should like to hear the conclusion of the hon. member's remarks so that I can give my ruling when the house resumes.

Mr. Knowles: All right. I am prepared to conclude my remarks.

I have no doubt that the references I have produced and my general statement will refresh the memory of members, and make it clear that there is no question as to the practice of parliament, and our rights in this matter. It would be a most serious abridgment of the rights of free speech in this parliament if this ancient doctrine of the right to raise grievances on the motion to go into supply were used as a means to prevent discussion at a later stage.

I submit, Mr. Speaker, that you are faced with one of the most important decisions since you have assumed the high office you now hold. I am sure you will make the right decision.

[Mr. Knowles.]

Mr. Diefenbaker: I should like to make certain representations on this subject. Particularly, sir, I should like to draw your attention—

Some hon. Members: It is one o'clock.

Mr. Drew: If a ruling is to be made when we resume, the representations should be made now. I was going to make a brief representation myself. I said nothing about the rule, because, to be quite frank, I did not think the objection was being raised seriously. I do wish to make a reference to the rule itself, which answers the question. If a decision is to be made at three o'clock, I would hope that any representations that are to be made will be made before we rise.

Mr. Speaker: With the consent of the house I shall hear representations now from the hon. member for Lake Centre (Mr. Diefenbaker).

Some hon. Members: No. It is one o'clock.

Mr. Speaker: Order. I want to give the hon. member the opportunity of making representations with regard to this matter. On the other hand I should like, if possible, to give the decision at three o'clock.

Mr. Drew: Mr. Speaker, I would not wish to have it suggested that I am now discussing the issue before you; but I should like to point out that I concur in what has already been said, that this is one of the most important issues in the matter of procedure that has come before the house. So far as a ruling is concerned, I do not think any hon. member should be curtailed in his discussion of the matter, because I agree that the effect would be most serious. You should have before you, sir, before a decision is made, all the representations that any hon. members may wish to make. From what has been indicated it would seem to me that these representations cannot be heard in a few minutes.

At one o'clock the house took recess.

The house resumed at three o'clock.

Mr. Diefenbaker: Mr. Speaker, there are one or two references I should like to add to those already made in what I may be permitted to call the exceptionally able argument of the hon. member for Winnipeg North Centre (Mr. Knowles).

He pointed out that *Hansard* is not an official report. That had already been dealt with by Your Honour in *Hansard* of March 18, 1949, page 1611. On that occasion you,

sir, were Deputy Speaker, and as chairman in committee you mentioned *Hansard* and said, among other things:

> I happen to have before me a copy of the *Hansard* of the British house, dated February 16, 1949, where Mr. Speaker in making a ruling stated: "I think the right hon. and gallant gentleman said that it was a mistake in the official report. *Hansard* is not an official report."

Then you went on to quote from the report of what took place in the House of Commons on February 16, 1949, at page 1146. I am not going to read what was said on that occasion, except to point out and to summarize it by stating that the Speaker of the British House of Commons declared and decided that *Hansard* was not an official report. Of course *Hansard* is not an official report in the courts of law, either, where only the *Journals* are accepted.

There is further reference to the same point to be found in the parliamentary debates of the United Kingdom for August 3, 1944, page 1607, where the Speaker said as follows:

> *Hansard* is really unofficial as far as division lists are concerned.

In that instance someone had raised the objection that his name had been omitted from *Hansard*.

Now I come to the point tentatively suggested for your consideration Mr. Speaker, by the Prime Minister (Mr. St. Laurent). He advanced it without argument and more or less, as I saw it, as a question, without pressing too strongly the citation to which he referred. I would say this, that the *Journals* of the house show that no decision was made on November 7, except in so far as the motion to go into supply was concerned, and the amendment to that motion by the hon. member for Winnipeg North Centre.

I think one way to find out whether or not what took place from the discussion on November 7 could be referred to would be to reduce the situation to its ultimate conclusion. Citation 345 in Beauchesne's third edition states:

> The ancient doctrine that the redress of grievances should be considered before the grant of supplies is maintained in the House of Commons of Canada by the provision of standing order 49 that the motion for the Speaker to leave the chair can be amended; and the amendments need not be relevant but may relate to every question connected with public administration.

Then a little later on it says this:

> Members may discuss various matters on the motion for the Speaker to leave the chair without any amendment being proposed; but once debate is stopped on one matter and another matter intervenes, members cannot again discuss the former.

In the event that a minister of the crown did not desire a discussion to take place on a matter of interest to the people of Canada, all he would have to do would be to rise in his place in the house when the motion was made that the Speaker do now leave the chair, and have an amendment and a subamendment proposed. That would deny any further amendment or subamendment. Having done that he would rise in his place and speak for one or two minutes on the matter in question; and after he had spoken, another member would rise and begin to deal with a different matter, which during that session would end the discussion of the matter raised by the first member.

Mr. St. Laurent: If an amendment or subamendment had been moved it would have to be disposed of by decision of the house.

Mr. Diefenbaker: Yes; once there is a motion, an amendment and a subamendment, there can be no further subamendment. When a subamendment is moved, a person who does not wish to have a discussion of any subject—and it could come from this side as well as the other—would simply rise in his place and for a moment make an explanation, and then he would have somebody immediately follow him, dealing with some other subject. That would end for that session any further discussion.

This would lead to a position wherein parliament would indeed be throttled and its voice be silenced at the wish of one or two members in the house. I submit that the very fact that that would be the result indicates why it is there are no authorities I can find that will support the view that, when a matter is merely raised and no motion or amendment is based thereupon, the fact that something is referred to denies further discussion.

During the noon recess I looked up the first reference to be found in May in this matter. It is to be found in Commons *Journals*, volume 113, 1857 and 1858, page 65. This motion arose under the following circumstances: There was a controversy at the time regarding foreign affairs, in which the government of the day was desirous of not having any discussion. A motion was made, and a bill to meet the particular facts of the case was introduced. There had been a discussion of the subject during the preceding week, as will be seen in British *Hansard* for February 11, 12 and 13. On February 19 a motion was made by the government, and an amendment moved covering matters that had been discussed but not decided upon during the preceding week. The question being proposed, no exception was taken to it, and it was an amendment that had the result of defeating the then government. That is how serious the amendment was on that occasion. Yet no question was raised that because some

casual discussion had taken place the week before, without decision, that fact would deny further discussion.

Mr. Pouliot: Please do not be too technical.

Mr. Diefenbaker: That admonition is aimed in the wrong direction. I suggest that when one realizes the effect in this and in any other case in parliament of a mere reference to a matter discussed by one or other members, without any motion or amendment based thereon denying further discussion, then it must be realized that so far as parliament is concerned many matters discussed regularly would be denied discussion by the simple expedient of casual reference by one or other members in the house.

Mr. St. Laurent: Mr. Speaker, I do not think anyone would suggest that casual reference to a subject arising during the course of the debate on the address, or the debate on the budget, or the debate on the motion for Mr. Speaker to leave the chair, would preclude further discussion. It is always a question of substance. Has there been a substantive debate on the matter, or has there not been such a debate? It may very well be that, where the motion is for the Speaker to leave the chair, no subject introduced by a member of the government could be regarded as an introduction of a subject for decision, because the question for decision is whether the Speaker shall leave the chair or not.

Hon. members will realize it has frequently happened in this house—I think the argument of the hon. member for Winnipeg North Centre (Mr. Knowles) is a good reminder—that there have been repetitious debates on the same matter. I raised the question this morning, for the Speaker to decide, whether or not we are to have regard to the substantive rule that matters shall not be twice debated on their merits at the same session.

Mr. Drew: Mr. Speaker, the rule to which the Prime Minister (Mr. St. Laurent) has referred itself answers the argument whether or not this matter has been disposed of in such a way as to preclude further debate on the same subject. The relevant citation reads:

> It is a wholesome restraint upon members that they cannot revive a debate already concluded; and it would be little use in preventing the same question from being offered twice in the same session, if, without being offered, its merits might be discussed again and again.

In the first place, may I point out that no question has been presented to this house in regard to the Combines Investigation Act or the subject matter of the statement introduced by the Minister of Trade and Commerce last Monday on the motion to go into supply. In the second place, there was no debate on the Combines Investigation Act, the circumstances related to Mr. McGregor's resignation, the violation of this law by the government, or any related subject, which was actually concluded.

The reason for this rule is so obvious that it needs little elaboration. If the members of this house deal with a motion which brings before the house arguments on both sides and then make their decision, it must certainly seem to be, not only a wholesome restraint but a very common-sense limitation upon the time to be taken in a particular debate to say that that same debate must not be revived. This debate was not on the Combines Investigation Act, on the administration of that act, or on the breach of the law by the government.

There was a motion to go into supply. There was an amendment to that motion. Availing himself of the opportunity to use such a motion to introduce the subject—I do not question the fact that that practice is established—the Minister of Trade and Commerce dealt to a limited extent with a particular aspect of the problem now before the house. May I point out what the difficulty would be if a ruling were made that the debate is limited by what occurred on Monday. Reference was made to the Combines Investigation Act and to action taken under that act. Does this mean that we cannot discuss it at all? If so, the explanation of the Minister of Justice, and everything else that has been said, is out of order.

At what point does the knife fall? At what point does the iron curtain descend? Unless it is possible at the same time to say just how far this limitation goes, then the limitation extends over the whole field of discussion of the Combines Investigation Act. All that this house has had in regard to this matter is a statement, presented on a motion that had nothing directly to do with it, in which the Minister of Trade and Commerce gave his understanding of the action that had been taken, which incidentally is in conflict with the explanation given by the Minister of Justice.

Mr. Rowe: He did as he was told.

Mr. Drew: Oh, yes; he did as he was told. The point that I now raise is that if any such ruling as this were made, not only would it be an easy device for effectively preventing debate on what might be regarded as a subject that the government did not wish to discuss; there would also be a never-never land created in which no one could tell exactly at what point the debate would be permitted to extend and where it might not.

The statement to which reference has been made was simply a limited statement as to

the broad point of view in regard to what had occurred. I fail to see how any hon. member of this house could possibly determine at what point he would be infringing upon the restriction suggested by citation 245 if it were ruled that what has taken place on the motion to go into supply can be regarded as a limitation upon further discussion of that subject although there was no conclusion.

Again I emphasize this point. The rule is that you cannot revive a debate already concluded, but no debate on any aspect of the Combines Investigation Act has been concluded, or upon the conduct of any minister or any official of this government. There is the provision that there shall not be a revival of a debate upon the same question. Subject is one thing; question is another. "Question" implies that there was an opportunity for the members to deal with the question before them. They did not have that opportunity in the motion before the house last Monday, and, therefore, within the actual wording of citation 245, I submit that nothing has occurred which limits full discussion of any aspect of what has already been mentioned in this house.

Mr. Pouliot: Mr. Speaker, before you rise to give your ruling may I draw your attention to a few facts which are not without importance.

In the first place, this is not a question of parliamentary procedure, because there is no standing order on the matter. This is purely a question of parliamentary practice. As there are no precedents that apply to this case, you will have to use your good sense, your experience and your sound judgment to give a ruling that will satisfy the mind of every one of my hon. colleagues.

The debate on the point of order has been on a high plane. The hon. member for Winnipeg North Centre (Mr. Knowles) made a learned speech, but he spoke Greek, to me. The leader of the opposition (Mr. Drew) made a scientific speech but he spoke Hebrew. The hon. member for Lake Centre (Mr. Diefenbaker) was too technical, and he spoke either Latin or Armenian. I do not know which. We must approach the matter from the point of view of reason in order that the Chair may give a ruling that will serve not only for this occasion but for the future. The main thing is to know what is meant by a revival of debate. No one has defined it. It is up to you, Mr. Speaker, to say what is a revival of debate. How often, when points of order are debated, do I realize that hon. members take definitions for granted. There is no standing order to cover what is a revival of debate. We have no precedent, and yet we talk about it as if we all knew what it is. Please tell us in your ruling, Mr. Speaker, what is a revival of debate.

The second point is that none of the opposition members who have spoken have shown the relation that exists between a debate on the McGregor report and a debate on the amending bill. If there is no relation, then there is no revival of debate. If there is some relation there might be a revival of debate, or the McGregor incident might be considered as an interlude between the first and second readings of the bill. I should like any member of the opposition, or any other member of the house, to tell me what the relation is, if any, existing between the McGregor report and the debate on the second reading of the amendments to the combines legislation. Relying on your sense of justice, experience, and fair play, Mr. Speaker, I leave it to you to make a decision that will be memorable in the annals of parliament.

Mr. Speaker: Order. I have heard many representations. If there are any references which have not been given previously I will hear them, but I think any further remarks might be repetitious.

Mr. Browne (St. John's West): I have a matter that has not been mentioned before.

Mr. Speaker: Would the hon. member mention it briefly.

Mr. Browne (St. John's West): Citation 488 of Beauchesne, second edition, 1927, reads:

> Whenever an order of the day has been read for the house to resolve itself into the committee of supply or the committee of ways and means, the motion "that the Speaker do now leave the chair" must be proposed, except in cases provided by standing order 28. When such motion is proposed, it shall be permissible to discuss any public matter within the powers of the federal parliament or to ask for the redress of any grievance, and it is not necessary to move an amendment for that purpose; provided that the discussion and the amendment, if one is moved, 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.

The present bill was introduced on November 4, and I humbly submit that the Minister of Trade and Commerce (Mr. Howe) was out of order when he discussed the matter on Monday last.

Mr. MacInnis: Mr. Speaker, I shall be very brief. I am suspicious of too many words because they are sometimes used to bury a subject. I think the question is a simple one, and it rests wholly on this point. Is a member or a supporter of the government, by the introduction of a subject on the motion to go

into supply, going to prevent any further discussion on that subject during the same session? If that should be your ruling, it is the end of free debate in the house. That is the point I wish to make. I do not know whether, when the Minister of Trade and Commerce (Mr. Howe) raised the question last Monday, he had that purpose in mind, but if your ruling today is that any discussion on this subject is out of order that will be the result.

Mr. Speaker: May I, at the outset, thank hon. members for the extended and helpful observations they have made on this important matter. I have allowed a full and unrestricted debate on the point of order because I realize it is a very important one, and I think the house is most anxious that I should have all the pertinent citations before me when giving my ruling.

After the order of the day has been read for the second reading of a bill or otherwise, the remarks of members must be "strictly relevant to the business under consideration." (Beauchesne's Parliamentary Rules and Forms, third edition, citation 140).

The "business under consideration" on the second reading of a bill is the principle of the bill. Members must accordingly confine themselves to a discussion of that principle and must refrain from introducing or referring to extraneous matters. (Bourinot, Parliamentary Procedure, fourth edition, page 509). The words which I am about to utter refer directly to this bill.

On the second reading of an amending bill —hon. members will notice that this is an amending bill—it is the principle of the amending bill, and not the principle of the act to be amended, which is the "business under consideration." The discussion must therefore relate exclusively to the principle of the amending bill. If, for example, a bill were introduced to amend a certain section of the Criminal Code of Canada, the discussion would have to relate to the principle of the particular amendment. It would be irregular to enter upon a general discussion of the Criminal Code as a whole. See Blackmore's Speakers' (Denison's and Brand's) Decisions, 1857-84, at page 70.

The principle of the present bill, an act to amend the Combines Investigation Act, is that it is desirable to facilitate the enforcement of that act by providing for the institution of proceedings by the Attorney General of Canada, by eliminating jury trials where corporations are charged with offences under the act, and by modifying and clarifying the applicable rules of evidence. The present discussion should accordingly relate exclusively to this principle. It is not in order to discuss the principle of the Combines Investigation Act itself, or to discuss clauses of that act, or other matters, not clearly related to the principle of the amending bill.

It seems clear that a renewed general discussion of the McGregor report, a debate on which took place on November 7 on the motion to go into supply, is not in order on the motion for the second reading of this bill, because the discussion must relate exclusively to the principle of the amending bill.

Most of the discussion on the point of order has turned on citation 245, Beauchesne, third edition, which restates a passage from May's fourteenth edition, and reads as follows:

> It is a wholesome restraint upon members that they cannot revive a debate already concluded; and it would be little use in preventing the same question from being offered twice in the same session if, without being offered, its merits might be discussed again and again.

I am of the opinion that this citation would not preclude all reference to matters dealt with during the earlier debate on the motion to go into supply so long as the reference can be shown to relate clearly to the principle of the amending bill now before the house. In reaching this conclusion I have also been conscious of the fact that the matter of the McGregor report was raised on the motion to go into supply as the result of a ministerial statement, and not by a private member raising a grievance or speaking in opposition to the motion. This being so it would seem inequitable to rule out of order all reference to the matters dealt with at that time.

On the other hand, it seems to me there are many aspects of the McGregor report which bear no relation to the bill before the house, and the discussion of which would not be in order on the motion for second reading. Nevertheless, in view of all the circumstances connected with the present debate, I think some reasonable leeway should be allowed. I refer to May, 14th edition, at page 497:

> Debate on the stages of a bill should be confined to the bill, and should not be extended to a criticism of administration . . . but the Speaker remarked, when called upon to enforce this rule, that on many such occasions some licence was conceded to hon. members who addressed the house; and the rule is occasionally relaxed.

Accordingly I am inclined to think that the leader of the opposition (Mr. Drew) should be permitted to proceed. In saying this, however, I should like to express the hope that all hon. members will bear in mind the necessity of discussing the principle of the bill, so that it may not be necessary for the Chair to qualify the indulgence which has been granted.

Mr. Drew: Mr. Speaker, at the time the discussion arose in regard to the point of order I was referring to the views which have been expressed by Right Hon. W. L. Mackenzie King in regard to the importance of publicity and its effect in dealing with this subject. Because of the fact that during the greater part of the time the present act has been in force he was Prime Minister of Canada, I should like to read into the record his remarks appearing at page 746 of *Hansard* for February 2, 1948, to indicate what he had to say as to the importance of the publication of reports. In doing so I recognize that this subject also has been discussed in a more limited way in the exchange of correspondence which was tabled here last Monday. This is what Mr. Mackenzie King had to say:

> May I say that this desire to find the facts, making that the basic duty of the committee, is founded upon the very sound philosophy that in the cure of what one might call social wrongs or anti-social evils, those anti-social acts which adversely affect the great masses of the people in their individual lives and homes, publicity in regard to the facts is a much more effective remedy than penalty.
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> Whatever men may be in their individual lives, there is nothing they abhor more, if they have been guilty of any meanness or taken any undue advantage of their fellowmen, than to have that meanness exposed in public. In regard to this class of social wrong I believe that if there are people to-day in Canada who are hoarding where they should be selling, and if there are others who are profiteering where they should be glad to do what is fair, such people will quickly take notice of the fact that this House of Commons has appointed a committee which can go into any single phase of this problem and bring individuals from any part of the country to answer for situations in which they may be involved.
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> I for one firmly believe in the power of publicity when based on facts. Public opinion plays a very large part in determining the course of events and the conduct of human beings. However, if public opinion is to be effective and to be of national service, it is very important that opinion be fully and clearly informed. The trouble with the situation to-day is that there is not sufficient knowledge of the facts to enable public opinion to be formed intelligently.

I end the quotation there because I believe what was said on that occasion has a very direct bearing on the view that has been expressed here, that there should be more information in regard to certain facts. As far as the present bill is concerned, it makes certain limited proposals. The Minister of Justice (Mr. Garson) has given his reasons for the amendments he is proposing. He has suggested that those constitute only part of what had been discussed as a result of the recommendations of the combines investigation branch.

The reason for emphasizing what has taken place is this. In deciding what course should now be followed, it is essential that we recognize exactly what has been done already under the act as it stands. In order that there may be no suggestion that a review of this point will not be relevant to the subject matter in question, I indicated that I proposed to move an amendment that this whole matter be referred to an appropriate committee in order that further information might be obtained. If hon. members are to form an accurate judgment as to whether or not there is reason to place this question before a committee, it is essential that they examine what actually took place. Whether or not the report was correct in its conclusions, whether the commissioner may have overlooked some facts which should have been taken into consideration, or whether the report itself failed to show what the government regarded as adequate reasons for proceeding under the act, all have no bearing whatever upon the mandatory requirement that the report shall be published by the minister. In his letter of November 4 to Mr. McGregor the Minister of Justice gave this explanation for his failure to publish the report:

> The government therefore took the responsibility of withholding publication of your report pending the amendment of the Combines Investigation Act to cure the difficulties created by the dental supplies judgment.

That reference can only be to the amendments now before us; therefore these very amendments bring directly into consideration the withholding of this report and the reasons for doing so. The government, through the Minister of Justice, was asked upon what authority it relied when it made its decision not to act under section 27, subsection 5, of the Combines Investigation Act. To this direct question the Minister of Justice is reported at page 1524 of *Hansard* as saying:

> Well, Mr. Speaker, it relied upon the fact that any democratic government is answerable to the people of the country for its acts.

That statement, Mr. Speaker, is a challenge to our whole system of responsible government. It implies that the government has the right to make its decisions and then withhold any knowledge of those decisions as long as it sees fit. Then, at some future date, the government can let the public decide what they think about the limited information they have in regard to what took place. That is not our system. Our system is clear. The members are responsible to the people and the government is responsible to parliament. It is essential that we bear that in mind in reviewing what has taken place.

This report of the commissioner under the Combines Investigation Act was delivered to the Department of Justice on December 29, 1948. The act required that the minister publish that report within fifteen days. It

should have been published, therefore, by January 13. This house met on January 26. Assuming that the minister felt there might be good reasons for withholding publication, and that he thought he was justified in doing so, then at least it was his bounden duty to explain to the house as soon as it met that he had taken this course. This would have enabled parliament, to which the government is answerable, to express its opinion on that decision without delay. That was not done. There was no hint that this report was being suppressed. On the contrary the fact that the government continued to withhold any action, and that it did withhold this report until more than two years after the alleged offences had been committed, has perhaps resulted in the further fact that, no matter what case may be made by the report, no action can be taken. However, that is another subject.

Once again, might I emphasize that we are not called upon to pass upon the findings of the commissioner in determining the correctness or otherwise of the actions of the government in this case. What every member of this house should be concerned about is the unquestioned violation of the act by the Minister of Justice, and his unexplained failure to place this whole subject before the House of Commons after it met last January. If the facts were so clear, why was this whole question not placed before parliament at that time? Could there be the slightest doubt in the mind of any hon. member as to the real reason for suppressing this information? In explaining the violation of the act last Monday, the Minister of Justice said the government relied, as I have said before, upon the fact that it is answerable to the people. The government took extremely effective steps to see that the people had no knowledge of this matter when the people did have a chance to express their opinion.

These words of the Minister of Justice disclose a state of mind which makes this incident more serious than it already appeared to be. The government broke the law; there can be no dispute about that. Asked for an explanation, the Minister of Justice blandly replies, in effect, that the government is answerable, not to parliament but to the people at such time as they have a chance of expressing their opinion. This raises a far more serious issue than the violation of the Combines Investigation Act by the government, serious though that is. It is doubtful whether hon. members have been confronted with so serious a fundamental issue since confederation. The law which has been violated by the government was a law passed by parliament. It is all very well for the Minister of Justice to smile, but the very fact that he smiles indicates how careless some members of the government have become about the constitutional practices upon which the survival of our system will ultimately depend.

One of the suggestions put forward in regard to this act and to the problems raised is that the act itself would be the basis upon which companies that had been doing a public service might be pilloried. In view of the fact that certain amendments are under discussion, necessarily the whole act is under consideration at the same time. It would be well to go back to the speech with which the present act was introduced in 1923. On May 7, 1923, the then Prime Minister emphasized something that seems to be overlooked by those who feel that the terms of the act may be unduly harsh. At page 2520 of *Hansard* of that date, Mr. Mackenzie King is reported as follows:

> I notice that many of the newspapers of the country have reported that the government is endeavouring by this legislation to legislate against combines as such, to legislate against the right of manufacturers or merchants to fix a resale price. There is nothing of the kind in the legislation. As a matter of fact, it proceeds from a diametrically opposite point of view. I explained that, I think, pretty fully at the time of introducing the bill. It proceeds broadly on the theory that in this age of commercial and industrial competition, not merely between industry and industry and locality and locality, between the industries of one province and those of another, but between the industries of one country and those of another, the industries, one might almost say, of one continent and those of another, large combinations of capital, organizations of business in a large way, are an absolute essential if the business of our country is to hold its own in competition with the business of other countries. But just because it is recognized that it is necessary to have these large organizations of business, so the government recognizes that some restraint must be placed on the possible abuse of great power which may come into their hands.

It was for the purpose of restraining such possible abuses that this act was introduced. The act does not make every combine a law breaker, but the act prohibits only such combinations as are likely to operate to the detriment or against the interests of the public. Section 498 of the Criminal Code, which has been referred to by the Minister of Justice (Mr. Garson), deals with the same subject, and also contains a similar limitation upon its effect because it provides that there is an offence only if there is an undue limitation of competition. What is undue or what is contrary to the public interest is for the courts to determine.

This matter is one which has been brought before the house by the exchange of correspondence. One of the things which hon. members should bear in mind is what was said by Mr. McGregor in his memorandum

accompanying his letter to the Minister of Justice. I quote from the second page of his memorandum:

> There is greater need now for strong action under the combines act than there has been at any time in the past twenty-five years. To an alarming degree price fixing activities such as we reported in the flour milling industry have been developing in the post-war years; some of them originated in the war period; and some were started, as in the flour milling industry, even in the pre-war years. To meet the situation, to prevent these practices which are designed to limit or eliminate the public safeguard of price competition, there is every reason why the powers of the combines act should be strengthened. Council accepted in the present bill our proposals of three amendments, including a very important amendment designed to meet the difficulties of the dental judgment; but the only suggestions from the council which you called on me to consider seriously were provisions which would have had the result of limiting the effectiveness of the legislation.
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> I have in mind such proposals as those to eliminate the commissioner's initiative in launching inquiries, to place serious limitations on the requirement that reports be made public, and to provide for exemption, after prior approval, of certain types of agreements to restrict production or eliminate price competition. These suggestions have not been included in the present bill, but my understanding from you is that consideration of them has been merely postponed pending a proposed "overhauling" of the act. Overhauling of the act could serve many useful purposes. I am apprehensive, however, particularly in view of the nature of the changes which have been suggested for consideration, of the ultimate result of any revision of the statute which would include changes along these or similar lines.

Since this is a statement of the commissioner under the combines act it is of the utmost importance that hon. members know whether it does correctly interpret the situation which exists, because an understanding of that is essential if a sound decision is to be made in regard to the issue which is now before the house.

One thing, of course, that is always in the minds of hon. members when a matter of this kind is under discussion is what the position of the government is in regard to the numbers of hon. members who support it. The challenge that is now before the house is not merely as great a challenge to members of the opposition as it is a challenge to every member of the party who supports the government to reassert the responsibility of parliament on this occasion. After all, if the members of any party are simply to vote in accordance with the place where their names are included in the list of members of this house then it will be quite unnecessary to attend. The government could introduce its legislation and the vote could be taken on the basis of the numbers of members here, and the result would be in accordance with practice of that kind.

Our whole system has been based upon the assertion of members of every party of the basic principles of our parliamentary system. Certainly the government has a great majority, but let us remember that there has hardly been a time in the history of parliaments when the government was not reasonably assured of a majority in the house when it presented legislation. That is not the basis upon which debate proceeds. Debate proceeds on the assumption that hon. members will give it their consideration and vote in accordance with the reasons that are put forward and with the needs of the people of this country and the best interests of Canada as a whole. If our parliamentary system is in jeopardy, then those who have the greatest responsibility are those who constitute the majority. The greater the power the greater the responsibility, and in this case that responsibility is very heavy indeed.

I propose to move an amendment, Mr. Speaker, which will make it possible for hon. members to deal with it with the kind of information which they should have. I therefore move, seconded by the hon. member for Lake Centre (Mr. Diefenbaker):

> That the said bill be not now read the second time but that the subject matter thereof be referred to the standing committee on banking and commerce with instructions that they have power to send for persons, papers and records and that in addition to other recommendations with respect to the subject matter of the said bill they shall also have power to report upon the extent to which the effective administration of legislation relating to restrictive trade practices has been, or is being, prejudiced by the action of the government in failing to carry out the mandatory requirements of the existing law.

Mr. M. J. Coldwell (Rosetown-Biggar): This is an important debate from a number of points of view, not the least being the situation under which this matter was brought into the House of Commons. May I just summarize. Less than two weeks ago I asked the Minister of Justice (Mr. Garson) a question as to whether a report had been made on the flour milling industry. He said that he would answer the question the next day. My colleague, the hon. member for Vancouver East (Mr. MacInnis), asked whether the commissioner under the act had resigned. The same answer was given. The next day we learned that a report had been made and that the commissioner had resigned. It was then we were told that this particular bill would be introduced to amend the Combines Investigation Act. It is safe to say that at least the introduction of this amending bill was expedited by the questions that were asked in the house, and that brought to light both the resignation of the commissioner under the Combines Investigation Act and the fact that the report had been suppressed.

I want to say to the government and to hon. members that when the government

took upon itself—and let us remember that the minister acted after having received advice from the government regarding this matter—to suppress the report it violated one of the fundamental principles of our parliamentary democracy. I have no recollection of anything of the kind being done in the course of our parliamentary history in Canada; but I would remind hon. members that in 1649 an English king was beheaded because he did exactly what the government has done in this connection. I would remind hon. gentlemen that in 1688-89 another king, James II, was compelled to vacate the British throne for doing precisely what the government has done in this connection.

While there are several of them, there are at least two basic documents upon which not only our own parliamentary democracy but the democracies of the United States and of all other English-speaking democracies are based—Magna Carta and the Bill of Rights.

The Bill of Rights was introduced into the British House of Commons in 1689. After reciting their grievances this is what it sets out in the very first two clauses:

> And thereupon the said Lords Spiritual and Temporal, and Commons, pursuant to their respective letters and elections, being now assembled in a full and free representation of this nation, taking into their most serious consideration the best means for attaining the ends aforesaid, do in the first place (as their ancestors in like case have usually done) for the vindicating and asserting their ancient right and liberties, declare:
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> 1. That the pretended power of suspending of laws, or the execution of laws, by regal authority, without consent of parliament is illegal.
>
> 2. That the pretended power of dispensing with laws, or the execution of laws, by regal authority, as it hath been assumed and exercised of late, is illegal.

I say to the Minister of Justice (Mr. Garson) that that is precisely what happened in connection with this report, namely that the government exercised a pretended power of dispensing with the execution of a law, a statute, passed by this parliament. And, having assumed that power, it exercised the power illegally.

Then, in our own parliamentary history, in 1873 in the House of Commons the Hon. Edward Blake, who I believe in those days was a member of the Liberal party, said this:

> It makes no difference to a free people whether their rights are invaded by the crown—

That is, by regal authority—

> —or by the cabinet; what is material is to secure that they shall not be invaded at all.

I say in this connection that while we will support the amendment offered by the leader of the official opposition (Mr. Drew) I regret that it is in the terms in which it is. I think what we should be doing in this house in the discussion this afternoon is moving a vote of censure of the government, and asserting our right as a parliament to discipline the government for the breaking of the law of this land.

However, we will support the amendment offered by the leader of the official opposition. As I have said, this matter is much more grave than appears on the surface, if we allow what has happened to go without complaint. If we allow the cabinet to usurp the rights of this parliament, to set aside acts of parliament and to neglect to fulfil and to execute the statutes of this parliament, we are jeopardizing the whole parliamentary system as we have known it throughout the years.

Let me say at the very outset that to my mind this is the fundamental issue in the debate. It is true that we are discussing amendments to an act on our statute books. But what use is it to discuss amendments to any act of parliament if the government arrogates to itself the right to set aside acts of parliament? What guarantee have we that these amendments now before the house will not be treated lightly by the government of this country? And I say to the Liberal majority in the house that if they are true to the principles of Liberalism they should be repeating what we have been saying in the house today, and what we said on that former occasion a short time ago when the matter was before the house.

And so, while we welcome these amendments, we feel the house should have had an opportunity of expressing itself with regard to the suppression of the report, to which reference has been made this afternoon. And I say this, that whether it was deliberate or not, the manner in which the previous debate was instituted the other afternoon precluded the possibility of the opposition—or indeed any member in the house—calling upon the house to make an effective protest by way of a vote. That prevented a discussion—and I am glad, Mr. Speaker, that your ruling today was such that it does not rule out entirely references to the grave matters to which I have just referred.

This also I wish to say, that the party I have the privilege of leading in the house has always been keenly interested in this particular type of legislation. From time to time we have raised the question of the growing trustification of this country, of the participation of powerful interests in Canada in international cartels. Sometimes we have felt that very little attention was being paid by some hon. members to these matters, and that very little care was being exercised in connection with them.

I say I am glad this legislation has been introduced, because two years ago within a couple of weeks, after a conversation with the

present Prime Minister (Mr. St. Laurent), who was then secretary of state for external affairs, I wrote him a letter which I wish now to bring to the attention of the house to indicate how interested we have been over the years in these matters. I shall quote the material part of this letter dated at Ottawa December 4, 1947, as follows:

As far as I have been able to find out, there appear to be both price agreements and monopolies, which I readily admit are rather difficult to detect, but which, from all appearances, certainly exist and should be investigated.

My fear is that our legislation regarding the control of monopolies, is inadequate, and the needs of the present situation far beyond the scope of our present staff, which is much too small.

However, my opinion is that monopolies, in various degrees, exist in aluminum, cement, our principal chemicals, in rayon yarn, in the production of steel rails, and, of course, in nickel, lead, some iron and steel products, and some non-ferrous metal products.

As to price agreements, I think it is pretty well known that, where there is any competition in fertilizers, price agreements exist. It was well established—although an appeal, owing to the death of the judge, was not made—that the tobacco products are subject to price agreements and price fixing; also it was established that rubber footwear and the principal leather industries have agreements regarding prices, and that there are large areas of plumbing and heating equipment and hardware products in which there are price agreements.

You will recollect too, that the moving picture industry was acquitted on technical grounds of combination in 1931.

Price spreads investigation made some disclosures regarding the manner in which live stock prices appeared to be agreed upon each day, by Canada Packers and Swift Canadian. In the opinion of persons who have had personal experience with these two companies, and whom I know well, these practices continued after the investigation, and may still continue. In any event, these seem to be operations into which investigation is warranted.

Early in the 1920's, the fruit wholesale monopoly was investigated by, I believe, the Duncan commission, and certain disturbing facts were established. As lately as 1939, a combine was reported by the commissioner, in the wholesaling of fruits and vegetables in western Canada. Again, the action failed on—what appeared to be—highly technical grounds, and there was no appeal.

In view, however, of the recent increases in prices, I should think that immediate fields for an investigation might be fertilizers, canned goods, textiles, rubber footwear, and, I would include, farm implements—about which a parliamentary committee made a report in 1937.

I realize that this is a pretty formidable list, but I do not think that, even then, it is exhaustive. In my opinion, Canadian industry has become more and more under the domination of monopolies, and more and more guilty of price fixing; in other words, I believe that competition in many major lines of endeavour is non-existent.

I thought I would read that letter lest it be said that we are taking advantage of the introduction of this legislation to talk about combines without having suggested anything in regard to meeting this situation from time to time. As I said in that letter two years ago, the legislation we have had on the statute books has been inadequate and we welcome the amendments that have been introduced. However, in voting, as I expect we shall do, to refer the subject matter to a committee of this house, we are not in any way trying to delay the passage of this measure. Arising out of the meetings of that committee might conceivably come recommendations for the further strengthening of the Combines Investigation Act. However, much as I welcome these amendments, I do not think they are exhaustive by any means.

As I have said for years, Canadian industries have been subject to the control of powerful nation-wide monopolies and combinations. The competitive system upon which the free enterprise system, as my hon. friends like to call the present system, relies has been quite largely destroyed in our country. If we accept the definition that competition involves primarily competition in price among manufacturers and producers, then I submit that there is no competition at all in major sectors of our national economy.

I learned from the classical economists, which I used to study years ago and which I occasionally read from time to time, that the very basis of regulation in an unplanned or free enterprise system, such as was defended and indeed visualized in the early years of this and the last century by the economists of the capitalist era, is that each manufacturer or producer decides independently of all other manufacturers or producers of the same class what the selling price of his article shall be. That was a classical definition.

The fact that we have manufacturers producing the same type of article competing and advertising for sales does not involve real competition in price which, as I have said, must be present if we accept the classical position as the basis for competition in a free enterprise or capitalist system. The feature of the Canadian economy today which has been developed since the early days of the present century is that few producers or manufacturers of basic commodities have survived. The number has been whittled down until it can be said that just a handful of manufacturers dealing with a particular commodity—this is illustrated in the report of the flour milling industry that has been placed before the house—have succeeded in occupying a monopoly position where they get together and decide that there will be no competition in prices.

This is particularly true in certain of our great industries. For example, in oil we have Imperial Oil. In the chemical industry we have Canadian Industries Limited. The same applies to the iron and steel industry. In the case of farm implements it was shown

conclusively before the parliamentary committee which sat in 1936 and 1937, as it was shown before the Saskatchewan legislative committee and before a committee of the congress of the United States, that the farm implement business was dominated by two great companies, International Harvester and John Deere. We all should know the story of cement in this country where Canada Cement has a complete monopoly. The brewing and hard liquor industries are in the same position. The hard liquor industry is monopolized by one, two or three firms. While there may be more than two or three firms in the brewing industry, price levels are maintained.

The reports by the investigators under the Combines Investigation Act have shown conclusively that price agreements eliminating price competition have been arrived at. We have reports before us dealing with dental supplies, bread baking, optical goods, tobacco, fruits and so on, while parliamentary and legislative committees, as I have pointed out, have shown that the same sort of thing is to be found in the field of farm implements. The situation revealed in western Canada in connection with the bread baking industry is such that prosecutions should be proceeded with by the federal authorities.

As has already been indicated, we have the report on the flour milling industry which the government concealed and now states its refusal to act upon.

In addition to the amendments being introduced at this time, I think amendments should be introduced to the Criminal Code whereby combinations of this sort extending over long periods of years can be prosecuted, not only for what may have been done in the last two years but for what may have been done throughout their entire history as a combination. The alleged limitation in the Criminal Code in connection with this particular type of combination and price fixing should be removed and any companies involved should be held accountable for anything done over a reasonable period of years.

The facts are self-evident and there is no question in my mind that under the act as it now stands the flour milling industry could have been attacked successfully earlier this year had the report of its operations been made public and had the government proceeded to take action against them.

I say that the flour milling interests could have been attacked successfully for their operations during the war period. Not one tittle of evidence has been produced to show that the government, the wartime prices and trade board, or any of its officers, authorized the stifling of competition between December, 1941, and September 15, 1947, when I understand these investigations were started, and commenced incidentally, as the leader of the opposition (Mr. Drew) said today and as I said the other day, with the knowledge and the approval of the then minister of justice, the Right Hon. J. L. Ilsley. From having studied the report I say that I believe, under the unamended terms of the act, there was an excellent chance of succeeding with the prosecution of the flour milling industry for its activities during the war period.

As the minister knows, I have asked for documentary evidence to support the contention that what the flour milling industry did in the war years was done with the authority of the wartime prices and trade board. I have been told that considerable research is necessary in order to produce any such documents. Consequently I think it is pretty safe to assume that up to the present time neither Mr. Gordon, nor any of his wartime officers, nor the minister, are aware of any documentary evidence or any authority given directly or indirectly, under which the milling industry maintained high prices and endeavoured to eliminate price competition in their industry in the war years.

For a moment I want to refer to one or two parts of the report to substantiate what I say. For, while the amendment is designed to strengthen the act, and we welcome it, have we any assurance that when we pass the legislation and the act is strengthened this matter will be proceeded with and these great interests prosecuted? On June 12, 1942, we find this:

> . . . now that the export business has been so drastically reduced, higher prices in the domestic market are inevitable. Unless export business picks up, it will certainly be necessary for the mills to come to some agreement to maintain ceiling prices and we believe efforts will be made along this line shortly.

Let me point out that ceiling prices were authorized but minimum prices were never authorized. The other day—I thought rather unfairly—the Minister of Trade and Commerce (Mr. Howe), or was it Mr. Gordon in the document which the minister read, compared the milling interests with the gasoline interests. I believe it was the Minister of Trade and Commerce. That is an entirely different situation. The wartime prices and trade board set a fixed price on gasoline. It could not go up; it could not go down. They set a ceiling not a floor on cereal products, including flour. One gentleman, Mr. Soward, wrote to the officers of his company, the Maple Leaf Milling Company, and on October 5, 1942, an informal meeting of the executive committee was held and the following recommendations were made for submission at the next executive meeting:

> It was realized that the first step to be taken in respect of correcting certain conditions within the

industry, in so far as our members are concerned, was to petition the flour administrator to establish uniform ceilings on flour for the different categories of trade, based on the highest ceilings which any mill could establish, and which would constitute a uniform price. The next step considered necessary was a guarantee by all mills to advance to, and maintain their prices at, the ceilings established.

In this respect, however, the view was expressed that perhaps all mills could not sell at the same price in all sections of eastern Canada, and as a means of overcoming that difficulty it was suggested that any mill would have the privilege of declaring, in meeting, its intention to sell (in territories designated by the mill) at a discretionary price of 10 cents per barrel under the uniform prices set by the flour administrator.

While such a submission was subsequently made to the flour administrator, uniform prices were never established by the wartime prices and trade board. Indeed, the establishment of a uniform structure and prices was finally agreed upon by the industry for the province of Quebec, and at a meeting of the Quebec sales managers on November 2 a proposed new selling structure and prices were set up. I bring that to the attention of the house because that was wartime, 1942. Wherever we look in the report we find that, while the wartime prices and trade board set ceilings, they did not set floors. Whatever the association may have tried to do, reading the report I can find no evidence to support the suggestion that they did so by authority of the wartime prices and trade board. I could go on reading extract after extract from their minutes to bear out what I say. For example, there are the minutes of the meeting of the association of the 21st of April, 1942, reading:

Arising out of a long discussion of recent developments in certain centres (Kamloops, Calgary and Trail were cited as cases in point), the following resolution was unanimously adopted.

"There shall be no reduction in the dealer structure by any kind of independent action to meet any local price situation. Each situation as it arises shall be reported to the secretary as the means to obtain complete executive action."

Then I find this in the minutes of October 21, 1943:

The dealer list is to be maintained without deviation in all classes and categories of the trade.

It is the association's decision, not that of the wartime prices and trade board. Who was the controller? The controller was the manager of one of the great milling companies. Again I emphasize that, in my opinion, without strengthening the act—and I am glad it is being strengthened—a prosecution could have been undertaken under the old act with at least some chance of success. Again I want to emphasize that the wartime prices and trade board set maximum prices, and as far as I can find anywhere in the report they gave no authority which would justify the actions of the association. I look forward to seeing what the minister can produce in the course of the next day or two. So far as I can see the board gave no authority to sellers to combine to prevent price reductions below the ceiling level; indeed, quite the opposite.

On May 26, 1947, just before controls were removed, we find documentary evidence to show conclusively that the association was endeavouring to force some companies to maintain prices which those companies did not think they needed to maintain. It is the same with mill feed, a very important item to our farmers. In the minutes of an executive meeting of August 18, 1944, I find the following:

Members of the Alberta group shall take immediate steps to examine the basis of sales of coarse grains and mill feed, interior British Columbia, and so be prepared to resolve the common problem at the next executive meeting.

Therefore I say that this matter is of paramount importance from two points of view. The first point of view which I mentioned was the importance to the life of this parliament, the preservation of our democratic institutions in Canada, of our adherence to parliamentary practice, and indeed more than that, of our adherence to the basic principles of the Bill of Rights and the rule of law. I say, further, that as far as the evidence goes, in the report we have read during the last few days no suggestion can be found anywhere that at any time Mr. Donald Gordon or Mr. Ken Taylor gave any assurance to the milling industry or encouraged them to maintain prices at the maximum ceiling level. No action was taken by the wartime prices and trade board to set a floor price, nor was any encouragement given the milling industry to prevent reductions in domestic prices.

Now let us take a look at a paragraph on page 115 of the report which I am going to read because it has a bearing on the discussion we have heard in this house:

Simultaneous and uniform price increases were put into effect on September 15, 1947, when the wheat subsidy was withdrawn and flour prices were decontrolled. Flour was increased by $4.05 per barrel and mill feeds by $10 per ton. While the investigation which followed disclosed little documentary proof of agreement on these particular price increases . . .

Indeed, if I may say so, the people who were investigated denied that there was any agreement.

. . . examination of company and association records disclosed a series of price fixing agreements over a period of years. In the oral hearings association members contended that the uniform price increases in September had not been determined by agreement. . . .

Yet last week we were told that on September 15, when the controls were coming off, Mr. Ken Taylor got in touch with the flour controller and together they agreed on an increase of $4.05 per barrel.

Mr. Garson: Oh, no, Mr. Speaker.

Mr. Coldwell: I am quoting from the report.

Mr. Garson: My hon. friend says we were told that Mr. Ken Taylor and Mr. McGregor got together and reached this agreement.

Mr. Coldwell: No; I said Mr. Taylor and the flour interests.

Mr. Garson: The house was not told that by me, and I think I was the only one on this side who dealt with that subject matter in the debate. However, I shall be glad to deal with the point later on. That certainly was not the case.

Mr. Coldwell: Then I shall put it in this way: that it was indicated in this house that Mr. Ken Taylor informed the millers that the government thought a price increase of $3.95 would be about right; that they wanted a higher price, I think $4.25 or $4.45; and that there was a sort of understanding that $4.05 would be all right. That, I think, is a statement of fact.

Mr. Garson: I have no objection to my hon. friend using any figures he wishes as long as he does not put them in the mouth of any person on this side of the house. I do not know where he got those figures, but certainly I never used them. What I said was that Mr. Ken Taylor, under the instructions of the government, had dictated a certain figure of $4.05 for flour and $10 for mill feed, and the direction went through on that basis.

Mr. Coldwell: One or other of the ministers if I am not mistaken referred to this matter of the price discussion between Mr. Taylor and the millers, and I was under the impression those figures were given. In any event there was a discussion.

Mr. Garson: Whatever discussion there may have been, the point was that in the end Mr. Ken Taylor, under the instructions of the government, directed the industry that a certain level was to be maintained.

Mr. Coldwell: He directed the industry after controls had come off? What authority had the government to direct Mr. Ken Taylor or the industry to set a price, when controls were coming off?

Mr. Garson: What he did was this. He intimated to the industry that in spite of the fact that controls had come off it was the desire of the government that there should not be an excessive increase in the prices of flour and mill feed, and that a specified increase of $4.05 and $10 would be acceptable, but that if this were not adhered to the government would have to consider the reimposition of controls.

Mr. Coldwell: Well, I am going to continue reading the paragraph I was quoting when interrupted:

> In the oral hearings association members contended that the uniform price increases in September had not been determined by agreement, although some members admitted that prior to decontrol they had discussed their increased costs. The only discussion of the subject recorded in the confidential memoranda in the east was at a meeting on March 21, 1947, when agreement was reached to convene the eastern sales managers "for the purpose of arriving at proper selling structures in preparation for decontrol: the combined views to be considered by the general sales managers in meeting."

My hon. friend has just drawn to my attention that in his speech on November 7 the Minister of Justice said:

> After considerable remonstrance and discussion the millers accepted $4.05 for flour and a price of $10 for mill feed, the desire being that the price of flour should not be held down at the cost of having mill feed rise too high.

I thought the other figures were given at that time also.

Mr. Garson: Not at all; and they accepted the figure which had been determined by Mr. Taylor.

Mr. Coldwell: Well, we need not quarrel over that; but when they say there was no agreement among themselves, from what the minister says and from what this report says it is obvious that they must have reached agreement among themselves to accept a suggestion made by Mr. Ken Taylor on behalf of the government at that time.

Mr. Garson: Is my hon. friend implying that such an agreement is contrary to the act?

Mr. Coldwell: I suggest that such an agreement was contrary to the act.

Mr. Garson: In other words, if the director came along and instructed them as to a certain price they were to take by way of an increase and they all agreed to conform to that ceiling, that would be contrary to the act?

Mr. Coldwell: That would be contrary to the act. That is price fixing. As a matter of fact price control was a matter of ceilings, not floors, and there was no reason in the world why the flour millers should all raise their prices by $4.05 a barrel. That is the point.

So, Mr. Speaker, one could go on quoting from this report to show that throughout the wartime period the milling interests got together, disciplined one another if there were any inclination to sell below the ceiling price, and did everything they could to maintain a price that was high. In fact in one place they say they wanted the ceiling fixed at the very highest level that could be attained by any one of them. So I think the

evidence before us is of such a nature as to bring them within the meaning of combination and price fixing under the act we are proposing to amend today. Let me quote further from page 114 of Mr. McGregor's report:

The practice during the war years to which exception is taken in this report is the same practice to which exception is taken with respect to other times, that of agreements to remove competition in price. In the war years regulations established maximum levels beyond which prices could not be increased. In this period concerted efforts were made to prevent competition by securing agreement as to the prices which the members would follow. Such joint action was neither required nor sanctioned by the prices board or any other government agency. Board policy was definitely directed to the maintenance of competitive conditions with respect to prices.

That is what the public of Canada understood throughout the entire period of the war. It is all very well for the milling interests to say that they were authorized to do these things when no authority can be found. Indeed, in Mr. Gordon's own statement, which was read into the record at page 1502 of *Hansard* of this year, Mr. Donald Gordon said —I am omitting some words which do not alter the meaning:

—the ceiling price—would naturally become the fixed price and, such being the case, any "agreement" in respect of prices would have been meaningless.

If you look across at the next column on the same page, about the middle of the column, you will find Mr. Gordon says this:

—no practical system of uniform prices was ever discovered and it remained in the realm of wishful thinking throughout the period of control.

In order to be fair, perhaps I should read the next sentence:

Nevertheless, I have no doubt that the flour administrator in collaboration with the industry did his utmost to insure orderly conditions in the industry in the interests of maintaining supply as well as price stability.

Mr. Garson: Price stability.

Mr. Coldwell: But price stability at the ceiling, you see; that is the criticism. It was always the highest price, not the lowest brought about by competition within the milling industry.

Mr. Garson: I should like the house to have a correct impression of that. It was price stability at the ceiling because, to the extent that it went below the ceiling, it had to come out of the public treasury.

Mr. Coldwell: We shall see about that. What does the report say about that? I quote from page 114:

Certain industries, including the flour milling industry, which were paid subsidies in order to provide for increased costs which they could not absorb, were asked by the government to forego any claim to the refundable portion of the tax, except on any profits which exceeded the amount of the subsidy. In the case of the flour milling industry these subsidies were paid to permit the sale in Canada of hard wheat flour at prices within the ceiling. The arrangement with that industry regarding limitation of profits extended from August 1943 to July 1947. Since it was obviously undesirable to permit any part of such subsidy payments to be added to profits, the arrangement provided that no part of the tax would be refundable. That is, all profits in excess of 116⅔ per cent of standard profits, to the extent that subsidies contributed to such profits, were to be paid to the government. Had this arrangement not been made, however, some alternative would have been necessary, as the Wartime Prices and Trade Board pointed out in its annual report for the period ended March 31, 1943, in referring to similar arrangements which had been made with other industries. The report said:

"This arrangement, although it has the effect of cancelling the 20 per cent rebate on subsidies contributing to profits taxable at 100 per cent, nevertheless is not one-sided, as the alternative would be a much more drastic subsidy formula which might, with changed business conditions and a restricted volume of operations, result in the industry making no profits at all."

There is the answer to the minister's interjection.

Mr. Garson: On what page is that?

Mr. Coldwell: Page 114 of the report.

On page 36 of the report we find the following:

On September 15, Lake of the Woods, Maple Leaf, McDonald and Robb, Ogilvie, Purity, Quaker, Robin Hood and St. Lawrence all increased the price of hard wheat flour by $4.05 per barrel and mill feeds by $10 per ton.

Now, what about this? The report says:

In the course of the oral examination of representatives of the member companies of C.N.M.A., it was contended that the amount of the advances had not been reached by agreement, although it was admitted by some that prior to decontrol they had discussed with others the increased costs with which they were faced. It was also contended that the amount of the flour increase was not in fact sufficient to cover all increases in costs which had arisen since the basic period in 1941.

Again and again in this report the milling representatives deny that there were agreements. Yet, running all through this report—I am speaking of the war years now because the other evening I dealt with the years prior to the war—in the correspondence, the memoranda and the minutes there are indications that every attempt was made to secure price agreements.

On May 16, 1943, a discussion ensued with respect to the recent notification to mills that the price of flour in respect of ships' stores business, or at least in respect of quotations to the Department of Munitions and Supply had been decontrolled. The report says:

Finally it was agreed that in connection with the Department of Munitions and Supply, quotations in so far as Halifax is concerned, shall be made in behalf of all members by Mr. A. G.

Watson, and by Mr. J. P. Whitney in so far as Saint John is concerned—the orders so received to be distributed in turn to each of the members by Mr. Watson and/or Mr. Whitney in a manner to be determined by them.

There is to be no competition. The millers decided, in spite of the fact that the Department of Munitions and Supply was to buy decontrolled supplies, there would be no competition.

On May 18, 1943, the agreement was explained by D. A. Campbell, the St. Lawrence Company, to A. G. Watson, sales manager at Halifax, as follows:

At a meeting of the executive of the Millers' Association today, the perennial question of prices for ship's stores came up for discussion, and it was the unanimous opinion that you should take over the selling of ship's stores for all of the mills (in Halifax), and that Whitney would perform the same service in Saint John. By "ship's stores" was meant the quotations to the Department of Munitions and Supply, and did not refer to the supplies for ocean-going vessels, for which there does not seem to be a great deal of difficulty.

When the Department of Munitions and Supply called for tenders, expecting some competition in prices, the millers took steps to see that there was no competition in prices. They had one person setting the prices. In the debate a week ago I drew attention to the fact that in Vancouver they had a formula whereby the various prices were changed around to meet the demand for competitive prices, which defeated that objective altogether.

Mr. Deputy Speaker: I am sorry to have to inform the hon. member he has exhausted his time. He may continue with the unanimous consent of the house.

Some hon. Members: Go ahead.

Mr. Coldwell: With the consent of the house, I shall conclude in a moment. On page 34, the report says:

During the oral examination of representatives of the various companies it was stated by some that this system was introduced to meet existing emergency conditions.

I could continue quoting from the report, but I shall not do so because my time has expired. I shall conclude with these remarks. While I believe the McGregor report was amply justified by the conditions that existed prior to the war, it was equally justified by the conditions he discovered existed during the war. Those of us who know the careful manner in which Mr. McGregor, who admittedly is one of our most highly respected public servants—the Minister of Justice nods his head, so I think we are all agreed about that—would not question his motives in the making of the report. I believe we all regret that he has seen fit to relinquish that position. I am sure that had the millers said, at any time subsequent to the commencement of this examination, "Here are the facts. We were authorized to do this by the wartime prices and trade board; we were authorized to do it by the government", at that point the investigation would have stopped and this report would never have been made. But evidently that defence was never made. Apparently there was conversation between Mr. McGregor and Mr. Ken Taylor even before October 22 last; and apparently nothing of this sort was brought to light. It does seem to me, rightly or wrongly—and I believe rightly—that this business of saying that there was authority from the wartime prices and trade board for the mills to endeavour in this country to maintain cereal prices at the ceiling level throughout the war was more or less an afterthought and has no validity in fact.

It is a pretty lame excuse that the government is making, as lame an excuse, may I say, as the excuse for withholding the report which, in my opinion, is an illegal act under the traditional statutes and concepts of democratic government in this Canadian parliament.

Mr. Solon E. Low (Peace River): Mr. Speaker, it is not my desire to repeat the things which have been said in this debate today, but I do feel that there are two things which should be emphasized before the vote is taken. The first is one that cannot be emphasized too often and too strongly. The second is a proposal which I am going to make for the consideration of hon. members.

In the debate thus far, and in the one which took place last week, some very harsh words were spoken, and I suppose one of the most direct censures which a government has ever received, at least in my experience, was expressed. I would very much dislike to see the Minister of Justice's head roll off the block; I would not like to see him taken to the place of execution. But while I say that, and express my friendship for him, having known the hon. gentleman for more years than he has been in the house, I must emphasize our position with regard to the impunity with which the government appears to have broken the law. I must say that I feel sorry for my hon. friend the Minister of Justice (Mr. Garson). He came down here from one of the western provinces early in the fall of last year, not long before this report that had been the subject of a good deal of discussion was presented.

Mr. Garson: Some time afterwards.

Mr. Low: Afterwards. I stand corrected. That is all the more reason why I should say what I am saying. For that reason I think he has been made the goat in a very nasty situation. He has inherited, shall we say, a very

bad situation. There is no doubt that this whole question should not rest on his shoulders; but, as a responsible minister, he has been a party to breaking the law, and in doing so has contravened the very important principle of the responsibility of the executive to this body, the House of Commons, and has also denied what should guide us all in this country, namely, the rule of law.

I made our position quite clear the other day on this very important principle. I repeat that no excuse under the sun is sufficient to warrant that, not even the excuse given by the Prime Minister (Mr. St. Laurent) in another debate, an excuse which seemed to turn on the fact that certain companies in Canada had rendered good service during wartime. I do not care whether they gave good service during wartime or not. So did all the Canadian people. Whether they were small or large I say, Mr. Speaker, that the companies had no right to any consideration that would not be given and could not be given to the general public, to individuals, who constitute the Canadian public. It is because I feel so keenly about that that I shall support the amendment. I am speaking on behalf of my group. We shall support the amendment moved by the official opposition. In supporting it, Mr. Speaker, I should like it to be known that the Social Credit group look upon it not just as a convenience or something that might produce new ideas with respect to the Combines Investigation Act. We look upon it as a vote of censure of the government. It may be productive of good. I hope so. It does seem strange to us that it has taken twenty-two or twenty-three years for the government to discover that convictions under the Combines Investigation Act could not be obtained or were very difficult. That is the admission; otherwise this bill would not be before us today.

I wonder who has been derelict in his duty in this respect. I am wondering how many times, if at all, the commissioner of combines during those twenty-two or twenty-three years presented requests to the government for amendments to the act so that it could be strengthened and made an instrument for the protection of the Canadian people. If he did not make requests for amendments during those years to put teeth into the act, then of course some of the responsibility must rest upon the commissioner of combines. If he did make requests, then of course the government has been guilty of dereliction.

We of this group welcome the amendments which are now before us. We think that they will strengthen the act in a good many ways. I am quite in agreement with the principles outlined by the minister in his introductory speech this morning. However, we do not think that the amendments now before us are sufficient to make the act do what it originally was designed to do. To us the Combines Investigation Act should be so strengthened as to ensure two important things for the Canadian people. The first is the establishment in our country of a condition of free enterprise, of free competition. I want to emphasize a condition of free competition. There cannot be freedom in any sense of the word for the average run of Canadian people if we have not freedom of competition in Canadian business.

We do not want to see large accumulations of capital wielding such power as to be a danger to the Canadian people. We do not want to see small companies destroyed, driven out of business through larger companies and combines exercising undue influence either with governments or under law. We have been fighting as strongly as it has been possible for us to fight for a condition of competition, because we feel that therein lie the seeds of success of the private enterprise system. Deny the right of real competition and you deny private enterprise, and you play into the hands of those people who constantly say, "There is an example of private enterprise for you",—the people who declare that one of the reasons why this act is being amended today is that we are admitting that private enterprise has failed.

I deny that. Private enterprise has not failed. We have to admit honestly that there are abuses of private enterprise, and it is those abuses we are trying now to obviate, to make impossible. I say now that that is the true function of government, to lay down such conditions as will regulate and make possible a system of private enterprise in the interests of all the people.

The second thing we believe a strong and effective Combines Investigation Act should do is protect the people of the country from the power that is often wielded by the accumulation of capital, for the purpose of establishing monopoly control in their interests. We have no truck or traffic with such breaches of decency. We condemn it in the strongest possible way; and when I say that we condemn it, we condemn the irresponsible use of power in the hands of people who have accumulated vast wealth and use it for their own selfish ends.

But happily that has not been the rule in this country. Though we have frequent examples of combines, and attempts at combines, I am happy to stand here and say that from my observation it has been the exception and not the rule. But the combines act ought to provide protection for the people

of Canada against those exceptional cases. It is that sort of thing which we plead with the minister to establish.

There are some who will say that some new method ought to be found of protecting the interests of parliament as well as of the people. I am one of them. Section 27 (5) of the Combines Investigation Act provides for the rendering of a report by the commissioner. As I understand, when a report is ready the commissioner presents it to the appropriate minister—in this instance the Minister of Justice—and unless at the same time he makes a request in writing to the minister that the report be withheld from publication, it is clearly the duty of the Minister of Justice to see to it that the report is published, in the interests of the Canadian people.

In at least one case we know of, that was not done. I am wondering if, in order to prevent a repetition of the sort of irresponsibility we have witnessed, it would not be wise to insert an amendment to section 27 to the effect that, at the time the commissioner under the act renders his report to the Minister of Justice, he shall at the same time lay on the table of the House of Commons or deposit with the Clerk thereof another copy; so that if within fifteen days the commissioner has not presented to the minister a written request to withhold the report the Clerk of the House would be free to see that it is published.

Mr. Diefenbaker: What is to prevent the minister from hiding it in that case as in the present one?

Mr. Low: Nothing, of course, except the watchfulness of members of the House of Commons.

It is patently clear that there is a growing disregard for parliament on the part of the executive. In the four years I have been in parliament I have certainly witnessed case after case of that kind. It seems to me however that if such a change were made in the act the commissioner might feel that he is responsible directly to the House of Commons —which is, I think, as it should be. And because he would be responsible directly to the house in that measure, the Clerk of the House would be in duty bound to publish the report, and the desired effect would be obtained through investigation, even though the Minister of Justice were inclined to hide it, as has been done in this instance.

Mr. Coldwell: Only the minister is responsible to parliament.

Mr. Low: I understand that is so under the act. But the effect of my suggestion would be that the commissioner under the Combines Investigation Act would become responsible to this body, and not only to the Minister of Justice.

That principle is followed in the provinces in connection with auditors, and has worked well. It has been a wonderful protection enjoyed by the people against irresponsible expenditures on the part of provincial governments. It is recognized quite universally, I think, that that is a good provision. The federal auditor general is in a similar position.

In all cases where the protection of the public against insidious powers exists, that principle is sound and good. I would ask hon. members, particularly the Minister of Justice, to weigh the suggestion. I know what his reply would be, of course. He would say, "Well, if I admit any such principle is a good one, I am condemning myself." I realize that, and I would not ask him to rise in his place and agree to it. But when the present amendment is out of the way it might just be possible that someone else would offer an amendment to section 27 which would incorporate the suggestion I have just made.

I have spoken longer that I had intended. I do wish to register however my complete abhorrence of the attitude of executive government in this country which overrules and overrides law that has been laid down to guide that government as well as individuals throughout the country.

Mr. T. L. Church (Broadview): Mr. Speaker, I wish to take part briefly in the debate this afternoon. In doing so might I point out that as head of a municipality for many years, particularly after the first great war, I noticed marked increases and spreads in prices. I saw the effect of those conditions upon the working classes in my city, and upon the small farmers.

I rise to support the amendment of my leader, which states—

> That the said bill be not now read the second time but that the subject matter thereof be referred to the standing committee on banking and commerce with instructions that they have power to send for persons, papers and records and that in addition to other recommendations with respect to the subject matter of the said bill they shall also have power to report upon the extent to which the effective administration of legislation relating to restrictive trade practices has been, or is being, prejudiced by the action of the government in failing to carry out the mandatory requirements of the existing law.

That is a good motion, and a lifesaving motion for the government, as well. Speaking as a private member, may I say that the government often forgets that the private member is the connecting link between the government of the day and the electors. Where he ceases to function and permits himself to become a yes-man or a nodder, parliamentary government is at an end.

The people back in the constituencies do not expect hon. members in any part of the house to act as yes-men or nodders in days like these. Those who have sent us here are the ones who suffer from sky-high prices.

I remember in 1917 when there was a serious coal famine in our city, but at that time the price of Pennsylvania hard coal was only about $6 per ton. Today the price has skyrocketed until it is up to $23.50, and when you allow $1.50 to the retail man for delivering, it totals $25 per ton. It is fortunate that owing to Providence we have had a mild fall so that little coal has been used.

As far as I can see, the government has dealt with this report as a matter of policy rather than as a matter of law. The government apparently does not acknowledge what it owes to the opposition for the support they are being given in this amendment. This amendment will act as a lifesaver. I remember back in the thirties when we had the Stevens committee and it is most regrettable that we lost the services of Mr. Stevens, who had the support of the white-collar workers in Ontario. The work of that committee in connection with price spreads was one of the most important tasks ever done by a committee of this house.

Governments begin to die the moment they are born. I am not a bigoted party man. I submit that as a House of Commons we should seek to carry one another's burdens and so fulfil the law of Christ. I referred to St. Luke the 11th chapter the other day and to what He had said about lawyers. A few years ago we had a select committee of the house, the Stevens committee, which went into the whole question of prices and spreads. It will be noticed that the amendment proposed by the leader of the opposition (Mr. Drew) would give the committee power to send for persons, papers and records. The committee would be entitled to send for crown officers and examine them as to why the law was not carried out. They could deal with the decision of Mr. Justice Barlow who ruled that there had been no proof that the directors of the companies charged had a guilty mind, which must be proved in the case of corporations.

I followed the work of Mr. McGregor in connection with the electrical combines case and other matters like that where it was found that they were interlocked and there was no way of attacking them. As I said the other day in connection with this matter, combines have flourished in Canada like the green bay tree. That is something which cannot be contradicted. We had an example the other day in connection with coal, and we have another example in connection with telephones where one company has jurisdiction over the two central provinces and is interlocked with Northern Electric. They are now proposing to increase the rates which will mean that a telephone is just a luxury. That is just one other industry that I can mention.

This committee will have the power to send for the law officers of the crown and find out why this is going on. The Stevens committee on prices and spreads found out in 1934. They represented the white-collar workers all over Ontario, the small mill man and so on.

In the days of Sir John Macdonald and Sir Wilfrid Laurier nearly everyone in Canada owned some property in the form of a small farm, a small mill, a blacksmith shop, a grocery store, a team and wagon, a country general store and things like that. In those days Canada was a nation of property owners. In the city from which I come sixty-five per cent of the people owned their own homes. Land was cheap and they could buy for as low as $6 per foot, the civic car lines gave them service, and they were able to build houses all over the city. Now that has all passed away and we are no longer a city of home owners because many have lost their homes because of high taxes and the high cost of living.

This committee should be established and it should follow the practices followed by the Stevens committee. It should go over this report and send for the crown officers. Last spring I contended that these trusts and combines in restraint of trade were flourishing like the green bay tree. At that time I gave a list of them extending from the Ottawa river to the Nipigon, the companies that controlled coal, copper, tin, zinc, platinum, asbestos, aluminum and many other commodities. All these companies are controlled from New York. I believe in the policy of Canada for Canadians.

I referred to the work of Lord Hewart on the new despotism in which he complained about the rules and regulations which permitted the restraint of trade and all that kind of thing. I hope when this committee meets it will tackle this problem in the right way. If they do they will find that what I say is correct. No doubt the report on the milling industry will be before the committee and they can send for Mr. McGregor or any others who have anything to do with it. The government policy has been all wrong. As I say, they have dealt with this whole problem as a question of policy, rather than as a question of law. The government had the power to act, but they did not go ahead. The report speaks for itself and I am not going to repeat what was said the other day by the hon. member for Rosetown-Biggar (Mr. Coldwell).

We have now reached a position where the cabinet have ruled the roost long enough, and it is the duty of private members to regain some control over administration. The actions of the cabinet put me in mind of the days of the Family Compact when the executive tried to usurp the powers of the crown. You know what happened then. The actions of the government resemble those in a star chamber proceeding. We are back in the days when governments assumed liabilities and responsibilities beyond their powers, and usurped the functions of the House of Commons. If the executive want to rule the roost that way, then we might as well all go home. The duties of members of the House of Commons and of the Senate have been automatically abolished by such procedure. When did that happen? Fifteen days after the 29th of December, 1948, when the report should have been tabled. It should have been made available then to every member of the house, instead of being withheld until after the election. It was just pigeonholed. It was the duty of the proper minister of the crown to lay it on the table of the house, thus making it available to the house and to the country.

After all, who is paying for the report? No member of the cabinet is paying for it. It is paid for by the working classes, the large and small taxpayers. By way of income tax, sales tax and other taxes, the city of Toronto contributes almost one-third of the cash taxes of the whole dominion. It is not the cabinet's money; it belongs to the people who pay taxes. In the city of Toronto, a constituency of which I represent, they are paying almost one-third of it. It is an industrial city, and yet it has no member of the cabinet at the present time. That is one feature of the new despotism which is referred to in Lord Hewart's work, namely, where cabinets usurp the functions of parliament.

I believe the day has come when no minister of the crown should act in such a way. I appeal to the younger private members on the government benches. After all is said and done, the motion of the leader of the opposition (Mr. Drew) will act as a lifesaver for them when they go back to their constituencies because it will afford a proper investigation of the whole question of monopolies and restraint of trade. So far as municipalities are concerned, it has been a dead letter for a long time. Nothing was done about the coal famine in Toronto and many other monopolies which we have had. The records would also be before the house.

I do not wish to refer particularly to Mr. McGregor's report because it may not be quite in order to do so. His conclusions are as clear as crystal. The leader of the opposition referred to them. The hon. member for Rosetown-Biggar (Mr. Coldwell) and the leader of the Social Credit group (Mr. Low) also referred to them and read certain extracts from the report. The report shows that the large milling companies sought to drive the smaller companies out of business. It shows that the larger companies were interlocked. There is no doubt about it, if you have a committee the officials can be summoned before it. I wish we had had this report at the time of the Stevens inquiry. That preceded this report, and I should like to quote what some of the members said about the Stevens report and the good work that was done. You will have an opportunity to go into these matters at the proper time if the measure is referred to a committee. In the section of the report dealing with Mr. McGregor's conclusions I find the following:

> This report follows another report on a related subject, an alleged combine in the bread baking industry in western Canada. Both reports disclose developments of much the same character—control of the industry concentrated in a few very large corporations and the efforts made under the leadership of the dominant groups to control competitive activity. They describe measures which have been taken to link the two industries by means of the financial control of some chain bakery companies by some flour milling companies and how this limiting of competitive purchases by the baking industry has had its impact on the flour milling industry. Each group within its own field has sought in its own way to attain the objective of eliminating price competition as a factor in business enterprise. This report is concerned with the measures taken by the principal flour milling companies which have been associated in the Canadian National Millers Association and C.N.M.A. (western division).

And also to some extent in the eastern division. There is no doubt that there was collusion. The report shows it, and the evidence shows it. Mr. McGregor winds up his report—and this is all I shall have to say about the report—by directing the attention of the minister to certain facts. I find these words in Mr. McGregor's conclusions:

> The disruption of the restrictive agreements which infrequently did occur as a result of such market conditions cannot be regarded as a substitute for the safeguard of freedom of competition which should prevail as a general characteristic of business enterprise.

In another place I find these words:

> The potential and actual operations of small mills and the presence of surplus capacity in the large mills, it was argued, would operate to prevent any effective agreement by the larger mills to curtail their competition in price in any substantial degree. The argument advanced was that each company with surplus capacity would actively compete with the others to get that volume of business which would enable it to keep its mills operating at the highest capacity possible.

That did not work out as shown by the definition of a combine in the Combines Investigation Act. The report goes on:

> The definition of a "combine" in the Combines Investigation Act includes a combination carried on

by agreements having or designed to have certain effects, such as the fixing of common prices and the lessening of competition, which has operated or is likely to operate to the detriment or against the interest of the public.

The report goes on to quote from the decision of Mr. Justice Raney in Rex. *v.* Alexander, 1932, 2 Dominion Law Reports, page 123. The commissioner decided that the language used by Mr. Justice Raney would be applicable to this case. The quotation given in the report reads:

But the system adopted by the Electrical Estimators Association is not to be judged by its accidents, but by its tendency—not by the circumstance that sometimes the members of the association made no profit, or sometimes made too much, but by what the thing was in essence that the defendants were seeking to accomplish. That thing was the prevention or lessening of competition.

There is no doubt that the western and eastern divisions of the milling association tried to control their prices. You will notice that the prices in the eastern and western divisions were all top prices. They were up at the ceiling all the time, not the floor. All the business they did with the government was at ceiling prices. There was no floor price at all. The evidence shows that they interfered with the small millers, such as at Midland and others, and if a committee is set up that evidence will be before it in restraint of trade.

As far as I can see, in this case we have the cabinet on the one hand and the House of Commons on the other; and for all this house knows about these matters we might just as well all go home and let the executive rule the roost and run the show, assuming the functions of both houses of parliament. Within fourteen days after December 29 of last year the public were entitled to learn about the report made by this government official. It was not a secret report; it was an open report made under the act. The cabinet were not entitled to see that report first; far from it. The people who paid for the report were entitled to learn the gist of it, as they have been told about other reports. Every department of the government is doing this sort of thing, keeping information from the public who pay for it.

Publicity has been the greatest deterrent in preventing monopolies and restraint of trade in this country. Away back in 1934 the Stevens committee did more to call attention to monopolies and the way restraint of trade was flourishing in Canada than has been done since confederation. That committee electrified the public by the way it conducted its business, and did a great work for the people of this country. I am a party man, I suppose, because I am a Conservative. I may be the only one left, I do not know; but I have supported certain definite principles ever since I have been a member of the house. Sometimes I think it would be far better if we made this a national party, and not something like what they have in Manitoba and British Columbia. When our late leader, Lord Bennett, was with us we were a national party. He was a supporter of a wide open inquiry. It was not the case, as *Saturday Night* says, that nothing was done. More was done by the Stevens committee on price spreads and their regulation than by all the *Saturday Nights* I ever read, so they are not correct in that statement. That committee had the complete support of the government of that day.

So I wish to record my protest against the way this matter has been handled. I have never had any confidence in these monopolies in restraint of trade. They seem to go on forever; and they will continue in Canada until we have a House of Commons composed of members who will cease to be yes-men and in restraint of trade. They seem to go on nodders.

Mr. J. W. Noseworthy (York South): Mr. Speaker, I rise to support the amendment. I would have preferred a motion that would amount to a vote of censure upon the government but I think perhaps the amendment is more realistic, for I cannot imagine anything this government might do that would induce its overwhelming number of supporters to endorse a vote of censure against it.

I am quite sure there is justification for sending the bill to a committee. For a moment I want to touch upon the withholding of the McGregor report, and the attitude of the minister and the cabinet toward that action. I doubt if there has been another instance of this kind in all Canadian history. Here we had a cabinet minister, with the approval of his associates, deliberately violating a statute passed by parliament, going through months when parliament was in session and hiding that information from parliament. Then we had the government going through a general election, still withholding that information from the electorate; we had them going through a miniature election, in a whole series of by-elections, still withholding that information, and not until those by-elections were out of the way was it possible to drag this information from the cabinet. As I have said, I doubt whether there has been another instance of this kind in the history of the Canadian parliament.

I want to emphasize, as did the leader of the official opposition (Mr. Drew), the hon. member for Rosetown-Biggar (Mr. Coldwell), and other speakers, the seriousness of that situation as it affects our parliamentary system. If we are going to accept the principle that a cabinet minister or a cabinet

may with impunity disregard legislation passed by parliament; that a ministry can meet parliament without divulging such information; that a government can go to the country in a general election and withhold it, and go through a series of by-elections still without divulging it, where are we? What becomes of our parliamentary system? If the Minister of Justice (Mr. Garson) and the cabinet are above the law, what is the use of having laws enacted by this parliament? That is the situation which must be faced, and because it is so serious I regret it is not possible at this time to bring in a motion of censure on the government.

The minister has referred to his responsibility and that of the cabinet to the country. As has been pointed out already, he has entirely overlooked the fact that all through Canadian parliamentary history it has been an accepted principle that the cabinet is responsible to the House of Commons. Cabinet ministers are elected, as all other hon. members are elected, as representatives of constituencies. They are appointed to the cabinet by the Prime Minister. The cabinet is directly responsible to the elected representatives of the people. If we accept the suggestion of the minister that they are directly responsible to the country, what becomes of their responsibility to this house? Here they withhold information from the electorate, and rely upon the fact that the public has a short memory and probably will be induced to forget this incident within the next four years, before the government must go to the country again. To properly describe this action I would have to use language which would not be parliamentary, so I shall content myself with saying that this whole matter produces a very unpleasant odour.

An hon. Member: It stinks.

Mr. Noseworthy: That is what I mean. There are good reasons, Mr. Speaker, why a committee should be set up. There are some things this house should know. We have received from the Minister of Trade and Commerce (Mr. Howe) one reason for the withholding of this report. In the daily press we have read a report, published with the approval of the combines commissioner, which is completely at variance with the statement made by the Minister of Trade and Commerce in this house. Both these statements cannot be right. One or the other is wrong. I submit that before the members can vote intelligently on the second reading of this bill, there should be an opportunity to bring Mr. McGregor before a committee of this house to get his side of the story. Then we could attempt to find out, if possible, which of these two statements is the correct one.

There are other things we should know. It has already been pointed out that this act has been in force for approximately twenty years. It is only now that the government has discovered that the act cannot be enforced. I believe the house should have the opportunity of ascertaining whether recommendations have been made to the government during those years for amendments to this act. The members should have the opportunity of ascertaining whether the commissioner, who was responsible for the enforcement of this act, or the government has been at fault for leaving the act on the statute books for twenty years and only now discovering that it cannot be enforced.

Furthermore, there has been a suggestion that the proposed amendments to the act will not do the job the act was designed to do. I submit this house should have an opportunity of finding out whether those amendments will provide the necessary machinery to secure convictions or whether there should be other amendments than those which are proposed. These are some of the questions which I believe should be discussed and to which some answers should be found. These answers can be found only in a committee.

I should like to go one step further. While we are overhauling this Combines Investigation Act, I think it is about time this parliament set up a select committee on small business. There is ample evidence in this report that the particular industry under investigation attempted, apparently with success, to squeeze the small concerns out of business. It is no secret that that is happening all across the country. Numerous reports have been submitted indicating that chain stores and large industries deliberately force small businesses out of existence. I would think that this government, which prides itself on maintaining the free enterprise system, would show some concern for the small businessman at this time in our history. I believe there are approximately 120,000 to 125,000 small businessmen in Ontario alone. I would think such a government would show some concern for the protection of these men.

I suggest that consideration be given to the establishment of a select committee of this house on small businesses. I know the minister's answer. I know the attitude other cabinet ministers have taken when members have suggested that other committees, such as the veterans committee, be set up. Their attitude has been that the cabinet is responsible for these things. I know there is a difference between our system of cabinet government and the United States system. Accepting the principle that the cabinet is responsible to parliament, then we suggest

there is a place for these committees to advise, to investigate, to acquire data and to enable the members of the house to serve a more useful purpose than merely being rubber stamps for a Liberal cabinet. If the cabinet is prepared to restore to this House of Commons a vestige of the authority that is historically its right instead of attempting to assume full control in its own hands, then these committees could be set up.

Therefore I would ask the minister, when he is overhauling this Combines Investigation Act, to give consideration to setting up a select committee of the house on small businesses, similar to that which is functioning in Washington. I have reports of the meetings, investigations and recommendations of that committee. In so far as there exist in the business world of this country situations that are similar to those in the United States, I would urge that my suggestion be taken into consideration.

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, I do not intend to traverse the ground I covered the other day in reference to the minister's suppression of the McGregor report. There are additional phases in connection with it that I believe deserve to be mentioned. The minister has introduced a bill asking for changes in the Combines Investigation Act. Naturally, the question that occurs to one is this: If that same minister would not carry out the law as it was, is there going to be any assurance that with the law changed there will be any greater desire or zeal to carry out the specific provisions of that law than has been shown by the minister since January last?

As I listened to the minister the other evening, I awaited with interest the explanation he was giving to this house when he explained the reason why a mandatory act, by him to be performed under that statute, had been deliberately held up, had been deliberately spurned. One does not have to go back to 1649, as the hon. member for Rosetown-Biggar (Mr. Coldwell) did; but that was the first example, and it had a salutary result for approximately a hundred years. Not since 1763—

Mr. Knowles: That Stuart did not do it again.

Mr. Diefenbaker: —during the days of George III has any minister dared to contravene a statute passed by parliament and deliberately refuse and neglect to carry out that statute. I see the Minister of Trade and Commerce (Mr. Howe) smiling.

Mr. Howe: May I ask my hon. friend one question?

Mr. Diefenbaker: Yes.

Mr. Howe: Does he remember the flour milling report made by the same commissioners in 1933? Does he remember what became of it?

Mr. Diefenbaker: That is a very good question. The provision for publication was brought in by this government in order to prevent any minister, of whatever persuasion he might be, from refusing to carry out the recommendation of the men in charge of the administration of the combines act.

Mr. Howe: Do what R. B. Bennett did. He dropped it in the wastepaper basket.

Mr. Diefenbaker: In 1937 terms were put in the act in order to prevent publication being avoided. What may have happened in 1932 or 1933 did not happen under a statute that imposed upon a minister a mandatory responsibility.

The explanation given by the minister may be found on page 1521 of *Hansard*. He said:

> Unless you can rely upon the possessory principle as regards the corporate accused it would be extremely difficult in some cases to secure a conviction. That is why we are bringing forward this amendment. That is one reason why we wished not to act upon the flour report or to publish it until we had our legislation in shape.

On page 1522 he said:

> If we get our amendment we will certainly be in a far better position as regards this—

That is the flour report.

> —or any other report than we are in now.

Sir, that explanation has no basis in fact. My hon. friend went through a labyrinth of excuses in order to arrive at that conclusion. He states that one of the reasons why he did not carry out the law requiring publication was to assure that within fifteen days the law would be amended to enable him to proceed, and no doubt proceed with a degree of hope of success. I did not see through that the other night until the Prime Minister (Mr. St. Laurent) himself spoke, and then I began to realize exactly the significance of what had transpired in this case. The Prime Minister explained that under a section of the Criminal Code—and the section would be applicable to the Combines Investigation Act—the period of limitation for taking action is two years. What actually has happened is that the government hid the report. The minister hid the report. He kept it under lock and key as far as parliament and the Canadian public were concerned until any right of action had been outlawed. He said in effect on November 7: "When I get these amendments I intend to proceed against these corporations." I ask him to tell us when he replies whether he is going to proceed. If

he does, he will not get as far as the government of this country got in the dental supplies case.

The report implies that there were offences committed after the wartime prices and trade board ceased to operate. According to Mr. McGregor, on September 15, 1947, there were uniform increases that were beyond anything that was justified. That means that any action to be taken, even on the alleged offences after the operations of the wartime prices and trade board, had to be taken sometime before October 15, 1949. I ask the minister; did he hide the report so that he would be certain that action would be outlawed in any proceedings taken?—because that is the result. It is even more serious than a deliberate flouting of parliament. In one of the Letters of Junius a case of dictated autocratic action is dealt with in these words:

> Is he only the Punch of the puppet show to speak as he is prompted by the chief juggler behind the curtain?

Mr. Pouliot: Who is he?

Mr. Diefenbaker: My hon. friends on the other side can answer that. The Minister of Trade and Commerce. I would not call him a juggler, but he was the one who determined what the Minister of Justice should do. No Minister of Justice, or any other minister, much less the Minister of Justice, should have allowed himself to be the instrument whereby a report that should have been brought before parliament, or at least published within fifteen days, was kept away from the people of Canada so that no one now can take action regardless of the guilt of those mentioned in the report—and I am not saying that there is guilt; it is not for me to say.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Diefenbaker: Mr. Speaker, at recess I had just mentioned the fact that the effect of holding up the report until the month of November had the result of actually preventing any prosecution taking place.

It was some three years ago, when the amendments were before the house, that I suggested that certain changes be made. One of them, accepted by the then minister of justice, the present Prime Minister (Mr. St. Laurent), had the effect of allowing any person in this country to take proceedings for alleged infractions of the Combines Investigation Act. Up to that time it was impossible for a private person so to do.

The result of holding up the report, therefore, has been that the right of every or any person in this country enjoyed under that amendment to take proceedings has in fact been entirely denied.

One other matter to which I should like to refer has to do with the question of publicity. There are some who feel that publicity in advance of a trial is a denial of the principles of British common law and our own traditions, and that while a report may be made to the minister, it ought not to be published. I raised that point myself in 1948 in connection with the optical case.

As an answer to the Minister of Justice (Mr. Garson) I should like to read the reply of the then minister of justice, the Right Hon. J. L. Ilsley, as it appears at page 4919 of *Hansard* for June 8, 1948, where he stated:

> As I said the other day when the hon. member raised this question on the orders of the day, that section or a similar section has been in the act from 1910 down to the present time. Of course, from 1923 until 1935, I think, the registrar was the important man; the general course was that the registrar made an investigation and a report, and the act was silent as to whether that report should be published or not. But if he reported that there was a prima facie evidence of a combine, a special commissioner was appointed; and the special commissioner's report was subject to exactly these provisions. From 1937 on, those provisions have been in the act.

That is, provisions for mandatory publication. Then he continues:

> I submit that it is necessary that there be publicity. At least, it is my contention or submission that there should be publicity. This offence is not at all like an offence that speaks for itself. It is all a mystery. The public has no way of knowing whether there is any combine or not. It is not like theft, bank robbery, or any of those other overt or open acts where it is clear that there has been an offence. Here there is just a dark surmise and that is all. If the public is to know anything at all about this, it must be explained to them by the report of somebody who has made an investigation. If you have no provision that that report is to be made public, there is no possibility of an opportunity for public opinion to operate on governments, attorneys general or ministers of justice. There is no possibility of that; and you have to make a strong assumption that public officials will be fully alive to their responsibilities.

At that time Mr. Ilsley made it clear that he regarded the necessity of publication of the report as of first importance in connection with revealing trading activities that contravene the Combines Investigation Act. That, I suggest, is the answer to both the Minister of Trade and Commerce (Mr. Howe) and the Minister of Justice (Mr. Garson), and to the Prime Minister, all of whom indicated that the reason there had been no publicity was that if publicity had been given there would have been a challenge to the government to prosecute, and that it would apparently put them into a difficult position.

On the same occasion, as reported at page 4920 of *Hansard*, I asked Mr. Ilsley this question:

I am not going to pursue the subject further, except to say that apparently the Attorney General of Canada, on receiving a report from one of the officials, under the Minister of Justice, in which definite findings are made of a combine, still has to be satisfied that the report which so indicates has a foundation for the conclusion reached by the commissioner.

Mr. Ilsley replied:

Absolutely; certainly he does. The Attorney General of Canada is not bound to do what the commissioner under the Combines Investigation Act tells him. He is not obliged to take his facts, and he is not obliged to take his law. Presumably he will take his facts.

Those two excerpts from the words of the then minister of justice answer government spokesmen who say that the reason they did not give publicity to the report, and failed to carry out the mandatory provision, was one of two reasons—either that it would have given publicity that should not be given or, secondly, that the government would have been placed in a position where it would have to prosecute.

I do not think I am guilty of overstatement when I say that I know of no action by any government giving its support to private enterprise that will do more to undermine public belief in free and private enterprise than the fact that the publication of this report had been stifled until action can no longer be taken. If after producing the report according to law the explanation had been then made which has now been made, public opinion would have reacted either as against or in favour of the course pursued by the government.

I realize that, when discussing the question of combines, all too often it becomes a witch-hunt wherein any wrongdoing on the part of private enterprise becomes the subject of bitter attacks. I believe in private enterprise. I want to see it preserved. Over the years, and particularly during recent years, it has been and still is being diminished almost everywhere in the world.

During two wars there has been regimentation in the economic world that has left the feeling that there is need for regimentation in the days of peace, and that by the simple exercise of state control all our economic problems can be solved. The result of control by the executive during two wars has been that people believe that the state can and does create wealth.

In discussing the need to amend the Combines Investigation Act, I believe that there is a happy medium between the British and American attitudes. The British attitude, so far as monopoly is concerned, is that unless such monopoly interferes with the rights of other producers, competitors or consumers, the bigness of a business should not of itself alone be ground for prosecution. The attitude of the United States during recent years has been that the bigness of business in itself is an offence. In the last two years in the United States many prosecutions have been launched by the attorney general against great corporations whose paramount offence has been the size of the industries that have been proceeded against. All business is big as compared with what it was 20, 30 or 40 years ago.

The purpose in mind under combines legislation should be to provide equality of opportunity under the law so that every individual or number of individuals in our country may have the opportunity of risking capital in which the state is neither the insurer nor a partner. In other words, what a combines act should do is to provide equality under the law so that big and small businesses have equal access to markets and whereby the individual is protected against exploitation. Not only should the consumer be protected; the business competitor also should be protected. The purpose of anti-combines legislation should be to assure that degree of fair dealing as between business and citizens of the state as will guarantee the greatest benefit for the greatest number.

One of the great criticisms of our system is that it lives by returning profit. Business requires profit. Profit is of prime importance to the maintenance of our way of life. The profit system spells our prosperity. Having said that, I believe that when any business or group of businesses operate in concert so as to injuriously affect either the consumer or other producers or prejudice the state, then the state has a responsibility to step under law to punish and prevent.

When amendments to the combines act were introduced three years ago the then minister of justice, now the Prime Minister (Mr. St. Laurent), indicated the need for something being done in order to improve the act, and amendments were introduced and passed. There have been several attempts to improve the combines act, one in 1937, one in 1923 and on one or two other occasions. However, no matter what amendments are made to the combines act, if the government of the day charged with the responsibility of carrying out the law regards political expediency as a justification to not follow the rule of law, then the law is meaningless.

In 1946 I believed that as a result of the changes made there would be protection of the Canadian people against what Mr. McGregor referred to in his recommendations regarding cartels as an illegal monopolistic trend that had grown up during the

war, the result of which was to deny Canadian citizens that freedom from unjust trade practices that they should enjoy if private enterprise is to perform its function. In 1920 the former prime minister of this country used to refer to the "hidden hand of plutocracy".

He came to power in 1921. The exploitation by certain monopolies during the time the present government has been in power since 1921—there were five years during which they were out of power—has been such that every indication is given that the law has not been enforced. And I mean no reflection on Mr. McGregor. The law can be enforced only if those charged with the administration of justice carry out the recommendations of the commissioner.

The Minister of Justice is not bound by what the commissioner finds. He must examine what he says but he must publish the commissioner's findings. I do not want to appear to place it all on the shoulders of the Minister of Justice. Far be it from me to do that. The minister was merely the instrument whereby the government of this country acted in a manner that has not been duplicated since the days of King George III in 1763. Never since has any minister or any government dared to depart from the rule of law. Some there are who wrongly contend that there is one law for the powerful and another law for the weak, and the fires of such criticism are kindled when a thing like that is permitted to occur and when parliament views it with almost dispassionate disinterest.

Now we have another bill. The hidden hand of plutocracy which was spoken against in 1919 and 1920 must have been so hidden that it has not been discovered by the present government or its predecessors in office. I return to the tobacco prosecution, and I refer to that case, as I did to another, as a debacle. These companies had been convicted and an appeal allowed on a technical objection. I asked in 1946 why the government did not go ahead and prosecute again as the prosecutions had failed on technical grounds. The answer was that the war had come and at all events the companies had reduced their prices by ten per cent.

That was no excuse for not prosecuting. A law on the statute books unenforced is simply an invitation to wrongdoing. When there is a law on the statute books that requires a mandatory act to be done by the minister of any government and when the ministers of that government associate themselves with him in transgressing that law, then they encourage wrongdoing by prospective wrongdoers.

The support of this party has been indicated by the leader of the opposition (Mr. Drew) on the principles of the bill. I am not so sure that the doing away with the jury is a good principle. It is all very well to talk about the difficulty of making a jury understand; the fact is that juries can and do understand when there is wrongdoing that affects them under combines legislation. In Great Britain the company being tried has a right to trial by jury and in the United States it is mandatory. Why trial by jury is being taken away has not yet been explained by the minister to the satisfaction of all hon. members and it should be dealt with at greater length when in committee.

An amendment has been moved which I should like to summarize. It calls for the subject matter of the bill to be referred to the standing committee on banking and commerce with instructions that the committee have power to send for persons, papers and records, and that it have power to report upon the extent to which effective administration of legislation relating to restrictive trade practices has been, or is being, prejudiced by the action of the government in failing to carry out the mandatory requirements of the existing law.

The leader of the C.C.F. party (Mr. Coldwell) said that he would have liked a motion of censure. A motion of censure would have been a specific motion against one or more members of the cabinet, or the whole cabinet. What we are trying to get in connection with this legislation is the power to assure that the mistakes that have been made in enforcement in recent years, and the failure of the government to carry out the law, shall not be permitted to become the practice in this country. Let us submit the bill to a committee. What can we do there? We can get answers to certain questions that we cannot get in the house. We can bring Mr. Gordon before that committee and find out from him what minister gave him authority to place any industry above the law.

The leader of the C.C.F. group has asked for the production of some documents. One would think those documents would be right at hand. The cabinet has been able to consider the McGregor report since January. By this time they should have gathered the documents together, if there were any documents. Then we could have Mr. McGregor appear before the committee. The government says that it wants to put teeth in the law. Mr. McGregor wants teeth in the law. He is the one we should bring before this committee because, according to an outstanding member of the press, Mr. Austin Cross, in an article this morning, we cannot get

Mr. McGregor's side of the question until the end of the year because he is a civil servant, and therefore regards it as part of his bounden duty, and properly so, not to speak out. The newspaper report to which I have referred states:

1. McGregor cannot talk directly to the press, but only to his minister.

Let us give him a chance to talk to members of parliament in a committee of parliament so that we shall get to the bottom of the controversy. The article continues:

2. The minister cannot put forward McGregor's views since they are in conflict with the government's views which the minister must express.

Surely we want to relieve the minister of a difficulty such as that. One way to do that is to set up this committee, and the house will thereby relieve the minister of any responsibility for having to say things that cabinet solidarity denies him the right to say.

Mr. Pearkes: That he is told to say.

Mr. Diefenbaker: The article continues:

3. The flour millers were never forced or encouraged or authorized to fix their own minimum prices.

That is an important allegation. Let us summon representatives of the flour millers before the committee. We cannot punish them now; therefore they are in no jeopardy, the two year period of limitation having already run. The next point in the article is:

4. Board chairman Kenneth Taylor, examined in September, 1947, disclosed no authorization to price fixing.

That refers to the time when he gave evidence before a committee of parliament or the royal commission on prices. Let us bring Mr. Taylor before this committee and find out the facts. The committee could ascertain as well what possible excuse other than political expediency caused the minister, supported by a government that approves of what he has done, to hide a report for a period of nine months during which time there was an election when, as the Prime Minister (Mr. St. Laurent) recently said, "we held all the trumps." Was this one of the trumps that the government held? Was this one of the trumps during the election campaign? If it was one of the trumps, none of us ever saw it. It was kept out of view. The next paragraph in the article is:

5. Flour millers in evidence showed they were unaware of any exemption for them.

Surely, having given evidence before a committee of parliament or a royal commission, if there had been any such exemption they would have been the first to mention it. There are various other matters mentioned in the article by Mr. Cross summing up some of Mr. McGregor's views which could be inquired into. These are things that the people of Canada have a right to know. These are things that parliament has the right to know. It is not a question any more of there being any danger for any of the companies in having their officials come before a committee of parliament and testifying as to the facts. Parliament has the right to know what minister instructed Mr. Gordon in the days of war to advise any industry in Canada that during that period it was or could be above the law. These are a few of the matters that would be brought out.

No longer would we have *ex parte* statements such as that of Mr. Gordon which was read into the record the other day by the Minister of Trade and Commerce (Mr. Howe). We would have Mr. Gordon before us. After all, he should be given an opportunity to explain, instead of being placed in the position of having a statement read regarding his views.

Mr. Speaker: The hon. member's time has expired.

Mr. Jean François Pouliot (Temiscouata): Mr. Speaker, I confess that I cannot follow the hon. gentleman who has reached the heights of eloquence once more in debating this important matter. I should like to see the cat come out of the bag. There have been so many insinuations about different people that I should like to know who the guilty party is. My hon. friend was wrong in using general terms for his accusations. He complains of Donald Gordon, and he makes a saint of Mr. McGregor. How is it that McGregor became a saint as soon as he wrote this report? How long has he been there? When I first entered the house he was private secretary to Mackenzie King. When Mackenzie King was prime minister, McGregor was mute and dumb, and the only thing that he did was to make an investigation into the coal combine in which case a noted Tory, the crutch of Arthur Meighen, Senator Webster, was the guilty party.

Mr. Smith (Calgary West): Nonsense.

Mr. Pouliot: Who will deny that Senator Webster was the crutch of Arthur Meighen? He was a Tory.

Mr. Smith (Calgary West): More nonsense.

Mr. Pouliot: McGregor made a report and action was taken. The Webster interests were sued for $25,000. Webster amalgamated his company and it was left there. Who is the Tory who complained against Webster? Where is he? There is not one to say a word. I admit that the hon. member for Lake Centre (Mr. Diefenbaker) has a gold and silver tongue as a speaker for his party, but he was not in

the house at that time. There were other celebrities of the Tory party, and they were mute and dumb. Not a word was said about Webster. Everybody who bought coal suffered from that combine, and not a word was said about Webster by members of the Tory party. Webster was a Tory and he was a saint. My hon. friend is one of those Tories who have a gift of making saints of civil servants when their actions suit the policies of the Tory party. Every time there is a leak in regard to public business that should remain private until told the house by the responsible minister, that civil servant becomes a saint, a holy man.

An hon. Member: Ten months!

Mr. Pouliot: What is the matter? I am sure the hon. member for Kamloops (Mr. Fulton) is jealous of the hon. member for Lake Centre (Mr. Diefenbaker), who thinks so much of the civil servants who speak through their hats most of the time. Not long ago the hon. gentleman was vituperating civil servants who had not spoken through their hats. He said, "Let us bring Mr. Taylor; let us bring Mr. So-and-So; let us bring those who have said nothing. We will make them talk". I know he is one of the most brilliant lawyers in the country; I know his clients will not be disappointed when he appears in court to defend their interests; but he reminds me of an old politician who was a successful candidate on one occasion thirty years ago but was never successful again. He was one of the best lawyers in the district, but he could not succeed in being elected. My hon. friend has succeeded in being elected, but he will not help his political fortunes by continuing to discuss matters as he has done tonight; and he knows I have great admiration for him.

Well, Mr. Speaker, it being established that the Tory party had some culprits in combines, I must come back to McGregor for a minute. A moment ago I said I knew him when he was the secretary of Mr. Mackenzie King. He was there for a time when Mr. Mackenzie King was prime minister. He said very little; he conducted the coal investigation and made other reports which few people ever read. He never complained that no action was taken on his reports. He waited until Mr. Mackenzie King had gone and then began to make a fuss, to the great enjoyment of the Tory party and the C.C.F., and perhaps the Social Credit group; I do not know yet. Then he was consecrated as a great man, one upon whom we could rely.

McGregor! Does the hon. member for Lake Centre really know what was the trouble and what was the combine? Would he dare mention the name of Mr. Morrow, of Toronto, one of the directors of the flour companies mentioned by McGregor in his report, together with many other Tories? Would he mention the president of a Toronto bank, the president of Canada Bread and of Strachan? In other words, does my hon. friend really know what was the combine? He gave us a long dissertation tonight, as others have done, including the leader of the opposition (Mr. Drew). He said, "It is awful," but what was wrong? What was wrong was that during the war the millers made the price lower and lower in order to destroy the small bakeries, to their own advantage. They were able to succeed in that because of their subsidiaries, which were making cake as well as bread. There was no ceiling on cake, or the ceiling was higher, and the greater profit they made on cake allowed them to reduce the price of bread to rock bottom, in order to destroy the small bakeries and get more power for themselves later on.

Mr. Diefenbaker: You had better tell that to the Minister of Justice.

Mr. Pouliot: I say that to you, Mr. Speaker, for the benefit of all my colleagues. I know it is true, and if the hon. member for Lake Centre has never heard about it I tell him now, so that he may know what was the combine. That was it. Who was responsible for it? Those responsible were the directors of the big milling companies that had subsidiaries producing both bread and cake, and who were selling cake at higher prices in order that they might sell bread more cheaply, not for the convenience of the Canadian people but in order to ruin the small bakeries. Representations were made about this situation by individual bakers at the time Mackenzie King was here, but no action was taken. No complaints came from the Tories, who never knew about it until they were told this evening.

That having been said—without offence, I hope—let me take up these companies. The first is Purity Flour Mills Limited. The directors are: D. I. Walker, president and manager, Toronto; R. H. B. Ker, vice-president, Victoria, B.C. Then follows a list of tycoons living in Toronto, whose names I shall read: H. D. Egly; J. H. Gundy; F. G. Lawson; I. C. Hall; Colonel K. R. Marshall; C. F. B. Tippet; M. W. McCutcheon; J. A. McDougald. The subsidiaries are the Brackman-Ker Milling Company Limited and the Purity Baking Company Limited, both wholly owned.

That is the first one; now I come to the Lake of the Woods Milling Company Limited. Mr. C. H. G. Short is president and managing director; and I can tell my hon. friend that this same Mr. Short is in the grain business.

You know Mr. Short? He is president of the Lake of the Woods Milling Company, a great man, a great miller.

Mr. Coldwell: And he was the flour controller.

Mr. Pouliot: Yes, he is. The vice-president is Mr. Walter Molson; the assistant general manager is W. L. MacGregor; and the other directors from Montreal are R. W. Reford, P. F. Sise, Alphonse Raymond and N. J. Dawes. There are also Mr. Isaac Pitblado of Winnipeg, Mr. J. W. Hobbs of Toronto, and Mr. J. H. Pillman of London, England.

The subsidiary is Inter-City Bakeries Limited. The president is Mr. C. H. G. Short, the flour controller. The vice-president and general manager is R. R. Hutchison; R. W. Reford, P. G. Robertson, Walter Molson, W. L. MacGregor, and C. W. Cotter, Ottawa, directors. They also control the Keewatin Flour Mills Company, the Medicine Hat Milling Company and the Sunset Manufacturing Company which operates a jute and cotton bag factory at Winnipeg. These subsidiaries are wholly owned. There is also Browns Bread Limited, Toronto and Hamilton; Standard Bread Limited, Ottawa; Standard Bread Limited, Montreal; and A. and L. Strachan, Limited, Montreal. Those all belong to the Lake of the Woods Milling Company.

Then there is Robin Hood Flour Mills Limited, operating the business of the International Milling Company. The head office is located at 100 West Tenth Street, Wilmington, Delaware. F. A. Bean is the chairman. Charles Ritz, president; Atherton Bean, executive vice-president; J. M. Bruzek, P. B. Hicks, and A. B. Dygert, vice-presidents, Minneapolis. They have funny names. There is Mr. John Tatam, W. G. McLaughlin and G. H. Clark on the board of directors. Let us go once more to Toronto, and I shall ask my hon. friends from Toronto: whose is the hidden hand in Toronto? All these people are respectable people. There are some funny names, but that is not important. I shall ask my hon. friend the member for Lake Centre to tell us whose is the hidden hand behind the curtain? I do not mean civil servants, I mean the big businessmen, powerful men.

An hon. Member: Mr. C. D. Howe.

Mr. Pouliot: Well no, his name is not on this list.

Mr. Knowles: His name is on a boat.

Mr. Pouliot: No, it is Tatam or Pillman, or one of the other funny names.

Let us go to Toronto to the Maple Leaf Milling Company Limited. There is D. C. MacLachlan, president, and K. F. Wadsworth, vice-president and general manager. G. W. Stepan is the vice-president at Montreal. Are they the guilty men? Where is the leader of the opposition? He should listen to this and tell us about his friends from Toronto. The board of directors consists of Everett Bristol, G. C. Leitch, J. G. Singer, P. G. Kingsburgh, all of Toronto; E. E. Buckerfield of Vancouver and H. E. Sellers of Winnipeg. My hon. friend the member for Lake Centre should come down to earth from that high altitude at which he was flying and listen to this.

The subsidiaries of the Maple Leaf Milling Company Limited are the Canada Bread Company Limited, Canadian Bakeries Limited, Hedley Shaw Milling Company Limited and the Campbell Flour Mills Limited. The latter two are wholly owned. One of the other milling companies mentioned owns a manufacturing plant for jute bags and this company owns a line of steamers, the Port Colborne and St. Lawrence Navigation Company Limited, which is wholly owned. The Maple Leaf Milling Company also has a subsidiary, Eastern Bakeries Limited, which operates a chain of bakeries in the maritimes.

With regard to the Canada Bread Company, I should say it operates 21 bread and cake plants and 29 distributing depots.

Mr. Browne (St. John's West): On page 10 of the report, it says 59.

Mr. Pouliot: Perhaps my hon. friend is more up to date than the member for Lake Centre or my humble self.

Now, let us look at Canada Bread. A. V. Loftus is the president and general manager —that is a new man; A. W. Holmested, vice-president; K F. Wadsworth, H. N. Bawden, Frank Hannibal, D. C. MacLachlan, our friend, and G. C. Leitch, our other friend from Toronto. They are the directors of Canada Bread. If my hon. friend desires to have some information, I shall give it to him.

Mr. Church: Do not blame Toronto for all those directors; they do not belong there.

Mr. Pouliot: The Canadian Bakeries Limited of Calgary, makers of bread and cake, operate 17 bakeries in British Columbia, Alberta and Saskatchewan and are controlled by Maple Leaf Milling Company Limited. K. W. Ward is the director and general manager, Calgary; D. C. MacLachlan, our friend, vice-president; K. F. Wadsworth, another friend; D. A. Ross, secretary-treasurer and general manager, Calgary; E. Buckworth, another friend; and H. Evans of Edmonton.

I have read some of these names, but I am not through yet. There is the St. Lawrence Flour Mills Company Limited. The directors are, D. A. Campbell, president and managing director; G. W. Grier, vice-president, C. E. Gravel, J. H. Labelle and R. E. Chadwick, of

Montreal. Then there is W. A. Murphy of Winnipeg; A. G. Watson, Halifax, and G. C. Deeks of Toronto.

Next there is the Ogilvie Flour Mills Limited which is one of the largest. Let us look at Ogilvie. The chairman is the Hon. C. A. Dunning, and the president Mr. G. A. Morris. The directors are Sir Montagu Allan, R. H. McMaster, Beaudry Leman, A. M. Vaughan and L. J. Belnap, of Montreal. Then we have F. K. Morrow of Toronto. I shall ask my hon. friend the member for Lake Centre if that old friend of Bennett's is a bad man.

Mr. Smith (Calgary West): How did he get in with Dunning?

Mr. Pouliot: Just the same as we do together, but under different circumstances, naturally. Mark you, Mr. Speaker, I say nothing against these men, but I ask questions. I name all the directors of the milling companies mentioned by Mr. McGregor in his report. All the so-called culprits referred to anonymously by the member for Lake Centre and by the leader of the opposition are before the bar of the house. I should like the member for Lake Centre, who is the only member I have named who is present, to name them. Along with Mr. Morrow, there is A. Earwaker, Hamilton; Robert McKee of Vancouver; H. N. Davis, vice president; H. Groom, in charge of sales; E. B. Frost, western division; A. Atkins, in charge of operations.

The subsidiaries are the Ogilvie Grain Company Limited, the Seaforth Milling Company Limited, and Glenora Securities Limited. If the Tories are as brave as they should be they should name the guilty people. They have made accusations against the government; they have denounced the government; they have used generic terms condemning everything. I mentioned these names one after the other in an intelligible way.

Mr. Brooks: That is understood.

Mr. Pouliot: I mentioned Mr. Earwaker in an audible voice in the House of Commons. Let us page Mr. Earwaker. I mentioned these names. I have my personal views about it. This is not the time for me to say what I think about it. I said enough at the beginning. I noticed that what I said was new to those who were supposed to know. It is true; it is a fact. I went through these names of company directors at the last moment. I did not have time to check the number of cake bakeries, of bread bakeries throughout Canada controlled by the millers themselves. Would the hon. member for Lake Centre (Mr. Diefenbaker), would any members of the C.C.F. group, would any Conservative, any member of the loyal opposition of His Majesty, Conservatives, Socialists, or Social Crediters mention one name among those whom I have enumerated one after the other? They are all directors of the companies. They are those who made the policies of the companies, the policies denounced only after Mackenzie King has gone home. I am most surprised that my hon. friend who complained so much of Mr. Mackenzie King when he was the prime minister and leader of this party now canonizes him. They canonized Mr. Justice Ilsley and they canonized McGregor.

Mr. Diefenbaker: When did that happen?

Mr. Pouliot: Just a moment ago. I believe that when someone is quoted by my hon. friend he pays a great tribute to him, and he must pay attention to what he said if he is going to quote him in the House of Commons. Perhaps the word "canonized" is pretty strong. He has canonized McGregor. One a day is enough. But nevertheless he spoke in more eulogistic terms of the former prime minister of Canada than he did when he was the leader of this party.

Now, sir, I have said enough. I could say much more but I am anxious to hear who is behind the curtain, who is responsible for the errors made by the government. Let my hon. friend pick out any one of the names I have mentioned. After he has done that he will be qualified to make another fine speech, to repeat some sonorous sentences and make gestures which are much more graceful than mine, and thrill the House of Commons with his eloquence. I am expecting that, but I hope that before that takes place the hon. member for Lake Centre will prove to the House of Commons that he is enough of a man to select those whom he has in mind out of the names I mentioned a moment ago. I expect him to do that, and I am sure he will do it.

Mr. E. G. Hansell (Macleod): Mr. Speaker, I have listened with a good deal of interest today to the previous speakers who have taken part in this debate on the bill to amend the Combines Investigation Act. It appears to me that we have listened to a good deal of crack oratory and the matching of nimble wits.

An hon. Member: Crack or cracked?

Mr. Hansell: I wanted to be polite and I said "crack". I trust that my speaking at this time will not be a case of a fool rushing in where angels fear to tread; for I do not claim to be a crack orator, neither have I much knowledge such as becomes the legal profession. But I have been doing a little reading lately in respect to monopolies and

combines and business in general, as well as reading the explanations that have been given by the Minister of Justice (Mr. Garson) and the Minister of Trade and Commerce (Mr. Howe) and the correspondence that went on between Mr. McGregor and the Minister of Justice.

I believe the bill to amend the Combines Investigation Act is worthy of support. I favour it. But I cannot quite convince myself that it goes far enough. It seems to me that the amendments are pretty well confined to the strengthening of the hands of the government for the purpose of prosecutions. That is all well and good as far as it goes. Whether or not it will take care of what sometimes happens in monopolies and combines in respect to unfair business practices I do not know, and perhaps it remains to be seen.

I once heard a speaker say something to this effect, that there was nothing wrong with a monopoly as such if it put on the market its production at cheaper consumer prices. I do not know that I altogether agree with that, but I have thought of the statement a good many times. All people are consumers and all would benefit even though it were a monopoly which put on the market production at a lower price to consumers. Perhaps there might be some confusion in respect of monopolies and combines.

I am not satisfied in my own mind that a monopoly and a combine are exactly the same thing. To all intents and purposes for argumentation I suppose we could put them together, but I think we should distinguish between them. I trust that I may not be accused of splitting hairs, but there may be a difference between a monopoly and a combine in this respect, that a monopoly, which term stems from another word, the Greek word "monos" which means first, all in one, or alone or single, put it whichever way you like, applies to a company which is the only one in that particular business.

That could constitute a monopoly. But a combine is just a little broader than that. A combine could consist of several business concerns in the same industry conniving and combining their efforts for a particular purpose. It seems to me that is the thing we are dealing with in the Combines Investigation Act.

We in this corner of the house believe in free competition. I believe that generally speaking the Canadian people believe in free competition, provided that free competition is also fair. We have been told over and over again that competition is the life of trade. I believe that we must maintain in Canada that same free competition, provided it is fair. For if we lose out here, then I am afraid we are losing the one great principle of freedom that has made democracies, and particularly the western free enterprise countries, the powerful nations that they are today.

However, perhaps it is not just as easy as that. Some interesting information came out from Washington the other day, where a house judiciary committee of congress is sitting investigating monopolies in the United States. A few days ago Mr. T. K. Quinn appeared before that subcommittee. Mr. Quinn was a former vice-president of the General Electric Company. A man of that status knows something about business. I should like to quote from a press dispatch one or two of the statements Mr. Quinn made to that committee. The press dispatch from Washington, November 3, states:

> An excess of concentrated private economic power has fostered big government and big unions, and is driving this country towards socialism, T. K. Quinn, president of the T. K. Quinn Company, New York, told a house judiciary committee today.

I want hon. members to take note of what he said there, because it seems to me that if big business is not regulated in a fashion so as to see that it is fair in its competition, perhaps we shall be driven into state socialism. Another expression from this article is:

> Mr. Quinn told the subcommittee, which is investigating monopolies, that the system of concentrated power in relatively few hands was "inconsistent and opposed to democratic objectives."

Then later on it states:

> The ultimate safe solution to the problem of "bigness in business is physical and financial decentralization," Mr. Quinn advised the subcommittee.

Before Mr. Quinn had finished giving his evidence he made several proposals which he thought might help to deal with that situation. I place these proposals on *Hansard* only by way of passing them along to the appropriate authorities for consideration. I do not do so because I necessarily agree with all of them; in fact with one or two of them I do not agree. The Minister of Justice (Mr. Garson) may take them for what they are worth. Mr. Quinn's proposals included the following:

> 1. Banks and insurance companies would not be permitted resources in excess of—

—and the sum of a billion dollars is mentioned here. But of course that would be applicable to the United States.

> 2. Officers and directors would not be permitted to serve for more than one private corporation for gain.

That is one proposal with which I agree, because it would put an end to that vicious thing known as interlocutory directorates.

An hon. Member: Interlocking.

Mr. Hansell: I must have thought I was in that other debate.

Mr. Knowles: It sounds more like a minstrel show to me.

Mr. Hansell: Probably I was suffering from *stare decisis* when I used that term. Then it continues:

3. Corporations would be required to report annually, or oftener, complete profit and loss and financial statements by department, and subsidiary lines of business, and totals.

4. No corporation would be permitted to buy the stock or assets of any other corporation or individual without the approval of a governing commission.

It seems to me that is a good suggestion.

5. They would not be permitted to raise or decrease prices without specific approval of the federal trade commission.

Some adjustments might have to be made in that last one. Mr. Quinn however is only making suggestions which will help to stay the growing tendency toward centralization of business power in the hands of monopolies and combines.

There is another side to the picture, just the same, and I should like to offer some suggestions on that side. I now refer to an article headed "What Chance Has Small Business", appearing in the *Reader's Digest*. The writer is Samuel T. Williamson, formerly an editor of *Newsweek* and a staff writer of the New York *Times*. Mr. Williamson goes on to say that small business, to a very large extent, is the life of business in a nation. He does indicate that many small businesses at first go under, but he does not necessarily blame big business for putting them under, and states:

Sometimes a half million firms, most of them small, disappear in a year—sold, merged or just abandoned. Only one of two retail stores survives its first three years under the same management. Less than one store in three lasts more than seven years.

Then he goes on to say:

On the other hand, studies of retailing in—

Certain industrial states—

—show that the same mortality rates existed twenty and thirty years back.

Then he goes on to say that three economists who had analysed certain industrial districts discovered that stores did not last any longer a hundred years ago than they do now. Those facts are rather interesting. He goes on to say this:

In 1900 there were 21 firms for every 1,000 people. Today there are 26. And despite trends toward bigness, the average business firm has the same number of employees as at the beginning of the century.

Then he goes on to point out another rather interesting thing, that big business is sometimes dependent upon smaller business. He refers to one automobile company that buys from nearly 1,100 different firms. One speedometer maker, one of those 1,100 firms, buys from 200 independent suppliers. That is an interesting thing to learn. Then he goes on to say:

Even when large concerns do a big proportion of the business in their line they encounter smaller firms' competition.

I know that that is not always true, but that is what he says. He continues:

When U.S. Steel was formed it controlled 65 per cent of steel production. Just before world war II its share was 38 per cent. Today it is 33 per cent.

I should like to read into *Hansard* two more paragraphs which I believe are important. He says:

Almost every big business one can think of started small. Small business is the hope and beneficiary of competitive enterprise. As long as there are people who would rather work for themselves even if it means working harder, and as long as small units can do some things better and cheaper than big ones, small business has a future. As long as competition is free and fair it need not fear big business.

Business freedom may be measured by these questions: Are people free to invent new devices, to bring out new products, to organize new services? Can people buy what they need from more than one producer or seller? And are the producers and sellers operating on a competitive basis? If so, small business—any business—is free.

I would point out to the Minister of Justice, who has the responsibility of administering this act, that I believe what Mr. Williams says there is true. It is the responsibility of the government through its Combines Investigation Act to see that competition is fair. I once heard President Roosevelt say something which has stuck with me throughout the years; he said that big business is not always bad business. I believe that, but I believe also that if big business becomes bad business, it is bad indeed. We cannot permit big business to become so powerful that it is above the government or above the law.

I do not want to be uncharitable, but it does seem to me that in the discussion that has taken place, in the report that has been submitted, in the correspondence and memoranda that have been exchanged, it is indicated that the milling industry of Canada had become so powerful that it could influence Mr. Gordon to offer it protection if it behaved itself. Perhaps that is putting it rather crudely. I am not making any criticism of Mr. Gordon because I believe he was the man for the job.

We know that he came in for considerable criticism during the war because many people regarded him as a dictator. I am not saying that he was because I never ran into conflict with him, but I do know that that was the opinion of some people. We do know that he was armed with all the power that a man needed in order to prevent inflation and bring prices into a reasonable position in respect to

trade and business. In that respect he was all-powerful, and yet it appears to me that we have a glaring example that he was not powerful enough to deal with a great industry without saying: If you will help me here, then you will be privileged.

I mention that in passing because unquestionably the evidence would indicate that that one big business was indeed a powerful business. I submit that the teeth of the Combines Investigation Act should be so sharp that big business that attempts to manipulate prices and distribute its product in such a way as to squeeze out small business can be dealt with. That is when big business becomes bad business, when it is able to so manipulate prices and so distribute its products as to squeeze out its weaker competitors. That sort of thing is inconsistent with our democratic way of life, a way of life which should grant to every man an equal opportunity to make good in business without fear of being destroyed by unfair business practices on the part of giant competitors.

We do know that there is a strong feeling among people that the big shot can get away with anything while the little man can get away with nothing. I do not think any business should be getting away with anything. Fair business is fair business. There is a feeling among people—I do not know whether it exists generally—that if a poor man steals a loaf of bread he is put in jail, but if the big shot steals a million dollars he is looked upon as being a rather brilliant and smart man.

I do not know that that would hold true in the administration of justice in Canada, but just the same that is what people think. A few years ago I met a man who had the experience of running for a seat in this House of Commons. He was waging his election campaign in the old days when he was on relief. He was a poor man, and during his campaign he wanted to get from one place to another, and he had to hitch-hike. Just as he was crossing a railroad track he saw a handcar sitting there and he said to himself, "I have no money, and there is a handcar. What does that add up to?" He got on the handcar and pumped his way for several miles to his destination, the next town.

The fact of the matter was that he was arrested and sent to jail. When he was running his election campaign a man in one of his audiences jumped up and said, "Are you bidding for our votes to enter the House of Commons?" He said, "Yes." The man in the audience said, "Is it not true you have been to jail?" That stumped him for a moment. Was he a jailbird? The way he answered was to say: "Yes, I have been to jail and I want to tell you the reason why I went to jail. I went to jail because I stole a handcar. That was my fatal mistake. Do you know what I should have done? What I should have done was to steal the whole railroad. I stole a handcar and was put in jail, but if I had stolen the whole railroad I would not be here asking you to vote for me because I might have been put in the Senate." In telling that story I cast no reflection on that august body, but that actually happened. You will want to know whether the man was elected. Believe it or not he was, and he sat in the house for a number of years.

What I am getting at is that the Combines Investigation Act must deal with business in such a way that it will guard the fairness of competition at all times. If there are any amendments needed to the Combines Investigation Act, I believe they must be made in order to strengthen the hands of the government in the administration of the act and in prosecutions under it. Believe me, unless there are prescribed penalties that will teach the powerful business tycoons that they must be fair, there is no use fooling around with the Combines Investigation Act at all. When I say they have to be taught and punishment must be meted out, I mean exactly that. There is little use in imposing on big business a fine of several thousand dollars or even $100,000. To my mind that is not punishment. I know that the minister may say that it is pretty hard to prescribe the particular punishment for an infraction of this law, but I believe it can be done.

I am not prepared now to say how it could be done, but I believe it could be done in such a way as to expose these men so that they will not get away with the attitude that, because they are business and financial tycoons, big shots, therefore they can do what they like. Their misdemeanours should be advertised high, wide and handsome. I do not know why their businesses should not immediately be put temporarily under the control of an administrator. Let the government step in with an administrator and advertise the actions of these men. They could advertise what they had done in newspapers and on the labels of the products if they wanted to do so. Let them advertise that the business is temporarily operated under a government administrator by reason of the fact that Mr. So-and-So, Mr. So-and-So, Mr. So-and-So, director So-and-So, President So-and-So have been guilty of unfair business practices. If there were teeth of that nature in the law then I think they would be pretty careful what they did.

I think I have said enough about the matter. I am in favour of the amendments to the bill, and I am saying that generally I think business in Canada is fair. I believe

we can say that. I believe that the businessmen of Canada have a desire to be fair and to do business legitimately, but if it is discovered that they are unfair in their business practices then let us call them to account for their actions and teach them in no uncertain way.

Mr. W. J. Browne (St. John's West): Mr. Speaker, I rise for the purpose of supporting the amendment proposed by my leader, and I suggest to the Minister of Justice (Mr. Garson) that the proposal made by the leader of the opposition (Mr. Drew) is a reasonable one. The debate has disclosed that the matter is of a very grave, serious and fundamental nature. It affects the lives of everyone in the country and some outside of it.

A few days ago, speaking in another debate, I expressed the opinion that Canada was fortunate in that it had enjoyed good government. The events of the past few days compel me to modify that opinion, not only because of the revelation that a report, which by statute had to be made public within a fortnight, was kept secret from the public who are entitled to see it and also from the present session of the house and the session of the house held last spring, but also because of the contents of this report, and the contents of other reports that have preceded it, especially the one on the bread-baking industry in western Canada. I took the trouble to read a report of a committee of this house that was appointed in 1948 to investigate the rise in the cost of living. It is called the House of Commons committee report on prices.

In that report they drew attention to many practices they strongly condemned, and urged that the combines investigation commissioner should have greater funds at his disposal so that his department might be able to do greater work. Subsequently, on the recommendation of that committee, a royal commission was appointed which also approved of the work being done by the combines investigation commissioner and condemned certain practices which it learned were going on in this country and which were responsible for the rise in the cost of living.

Everyone in this country, rich or poor, no matter what his occupation, professional or layman, whether lawyer, doctor, fisherman, labourer, clerk or mechanic, is affected if there is a one point increase in the cost of flour. By every cent that flour rises everybody in Canada is affected. In my country we had no combines investigation act, and I was not familiar with the workings of this legislation. I do know, unfortunately, that some of the practices condemned in these reports, and which are illegal under the Combines Investigation Act, were carried on in Newfoundland. I know, too, that during the war these flour companies which were selling at the ceiling price here in Canada under subsidies from the federal government were not selling at any ceiling prices in Newfoundland. Hon. members will be surprised to learn that we were paying from $17 to $20 a barrel for flour. There was no limit to the profits these flour companies could make in export trade. I know the combines investigation commissioner has attended international conferences whose aim was to prevent corporations such as these taking advantage of the public not only in their own country but in other countries as well, and I wish his attention had been directed to the prices being asked for flour in Newfoundland.

Mr. Stick: He would have had no jurisdiction in Newfoundland; we did not have confederation then.

Mr. Browne (St. John's West): The hon. member for Trinity-Conception (Mr. Stick) says he would have had no jurisdiction in Newfoundland. Well, he would have jurisdiction now, and it would not be too late for him to come and make that investigation. Whether or not any investigation is made, we know now what they were being paid for wheat and flour in this country, and we know the profit that was being made in Newfoundland.

There are several things to which I take exception in these revelations, and which I think every hon. member, no matter what his party affiliations, must find reprehensible. The first is the suppression of the report. No justification has been presented to this house for withholding the report. It was a statutory obligation upon the Minister of Justice and the best that can be said in that connection is that he was prevailed upon by other, more influential members of the cabinet to withhold it. But then what about the interview described by the hon. member for Vancouver East (Mr. MacInnis), who had a question on the order paper asking if a report had been filed. The Minister of Justice went to his room in September and asked if he would mind withdrawing his question because the minister had some legislation to bring down and he would like to have the legislation ready at the same time the report was presented.

Who will deny that this is important legislation? Considering the seriousness with which hon. members regard this question, will anyone in this house deny that it is an important matter? Look at the publicity it has received across the country. Was there any mention of the amendment of the Combines Investigation Act in the speech from

the throne this session? Was there any mention of it in the speech from the throne last session? There was not; and why? It is evident that the government did not intend to do anything about the Combines Investigation Act until they were forced into it by the combines investigation commissioner, Mr. McGregor. The Minister of Justice tabled the memorandum and letter of Mr. McGregor and was willing to have them appear in *Hansard*. However, the Minister of Trade and Commerce (Mr. Howe) rose in his place and said, "No, I am not going to have it," and as acting leader of the government his will prevailed again. But when the Minister of Trade and Commerce spoke here on Monday last he took advantage of the opportunity to read a contrary opinion into the records of this house. If the government were sincere and honest and earnest about these things, why should they resort to such subterfuges as I have just described?

During the discussion there was some crossfire, and some heated words were exchanged across the floor. How many hon. members remember the remark by the Minister of Labour (Mr. Mitchell)? He said, "What is all the fuss about? I had twelve officials of my department resign in one day. Why all this fuss about one official?" There is present this evening one hon. member who may remember back to 1910; I am referring to the hon. member for Inverness-Richmond (Mr. Carroll). In January of that year another minister of labour rose in his place to introduce the very act we are discussing this evening. That minister of labour was none other than Right Hon. W. L. Mackenzie King, who introduced the first Combines Investigation Act. Some hon. members, perhaps even some Liberal members, may not be familiar with the early history of Mackenzie King. He was especially chosen by the great Sir Wilfrid Laurier to attend every university at which he could acquire erudition—some knowledge on the subject of labour. Sir Wilfrid Laurier looked to the future, and he chose this man and sent him to Toronto, to Chicago, to Harvard, to Cambridge, so that he might acquire every possible bit of knowledge. Then Mackenzie King rose in his place in this house in 1910 and introduced the first Combines Investigation Act. At that time he said, "In this country and in the United States the people are noticing two phenomena, first a rise in the cost of living, and second an increase in the number of mergers and combines; and the people associate the two things. As the combines increase in number and in strength the cost of living goes up". Then he went on to give an elaborate account of the increase in the cost of living, together with an account of similar legislation in the United States and Europe.

That was the first Combines Investigation Act. It was to provide for the investigation of combines, monopolies and trusts which might enhance prices or restrict competition to the detriment of purchasers. At that time Mr. Mackenzie King said the people had a right to look to the government for protection of their liberties. And despite what is sometimes said by my friends of the C.C.F., as in the days of old the people looked to the king to protect them against the strong, rich men, the "combine" men of those days, so today the people have a right to look to the government to protect their liberties. If the government should choose to protect the privileges of the rich men, then they do an injustice to the great majority of the people of this country.

The matter of the cost of living needs no elaboration today. There is no need to give any analysis of it, as Right Hon. W. L. Mackenzie King did in 1910. There is no need to doubt about combines and mergers today because we know they exist in greater number than ever. Mr. Mackenzie King said that, "unfortunately, human nature being what it is, we cannot believe that management considers primarily the good of a nation as a whole as opposed to those whose capital rests in their hands". Is that not an effectual answer to the statement of the Prime Minister when he referred to the patriotism of these great industrial magnates? In the course of my remarks, I shall have something to say which will cause hon. members to question whether or not those gentlemen were so patriotic as they have been represented to be.

Mr. Mackenzie King also suggested it was "the business of the government to see that no private interests are allowed to operate against the public good". Thirty-nine years have gone by since then, and many changes have occurred. There have been two world wars, kingdoms have fallen, and Mackenzie King is no longer active in the political life of this country. There is also the question of small businesses to consider. In 1924, there were 437 small mills operating in this country, and by small mills the combines commissioner means a mill producing less than 1,000 barrels of flour per day. In 1931, there were 372. In 1934, there was an increase to 435; but in 1947, the figures stood at 181. I say that is a serious indication that small businesses are gradually being absorbed by these great combines.

Now, what of Mr. McGregor? Who was he? Some bitter reflections were cast upon that gentleman by the member for Temiscouata (Mr. Pouliot). I do not know what personal

rancour exists between these two men. Perhaps hon. members are not aware of the fact that Mr. McGregor was a citizen of Ottawa, the son of a grocer in this city. He left school at the age of thirteen, and went to work in a newspaper office. After returning to school for some time, he worked in the post office and then for several years acted as private secretary to Mackenzie King. For six years, he acted in that capacity when Mr. Mackenzie King had become prime minister. When Mr. Mackenzie King needed a man to act as combines investigation commissioner, therefore, whom should he choose but Mr. McGregor, the man who had been trained under his eyes? For twenty-four years, Mr. McGregor has carried on his duties, as I understand, fearlessly, honourably and honestly. He is capable, efficient, and incorruptible. Men like that are few in any government. Shame on the government that did not make some effort to retain in its employ a man of that calibre. They allowed him to be sacrificed to the interests of these flour magnates, who are not the friends of this party but the friends of the government in power.

Is there a need for such legislation? The report of the commissioner is the answer. He says there is a greater need than ever. The report of the committee of this house on prices and the report of the royal commission all indicate the need for strengthening the power of the commissioner against these combines. In the last twenty-five years, there has been an enormous growth of these corporations. I know of one institution that has two business houses in this city, and since 1921 it has multiplied until it now has 121 in Ontario. Last year, it turned over $73 million. What small businessman could open a shop within half a mile of such a giant corporation? These are financial and commercial octopi that swallow every competitor coming within their reach. These chain stores and multiple stores are injurious to the economic health of this nation, and so are the combines.

To whom was it good news when the government suppressed this report, if not to the corporations named in this report? Do you not think the directors of these companies, the men whose names have been mentioned, shouted "Hurrah for the Liberal government that has stood by us; they are our friends"? Can anyone be blamed for believing that these men acted in that manner? Why did the government suppress this report? Does the Minister of Justice tell the prosecuting officers that they must not take action against other people accused of offences? Eleven companies operating flour mills across Canada had intentionally assisted in the formation and operation of a combine, and yet they are not to be prosecuted. They cannot be prosecuted, in fact, because the report was suppressed until the two years prior of limitation had expired. Under the Criminal Code no prosecution can be launched two years after the alleged offence. I agree with the hon. member on my left who remarked that that provision of the Criminal Code should be amended to give greater latitude in the prosecution of combines.

Here is legislation which we are told has been recommended by Mr. McGregor, the man in whom the government no longer has confidence. The government must have been aware of the need of this legislation for some time. They must have been aware of the growing number of great corporations and the growing power of those corporations. No matter what amendments are passed at this session, those corporations will not fear such legislation when they realize that the government has practically ruled out the commissioner and suppressed his report condemning them.

An examination of this act raises two questions in my mind. Does it go far enough or does it go too far? Does it go too far against corporations who are so patriotic as to co-operate with the government in time of war? The member for Temiscouata, in his amusing speech, read out the names of the directors of some of the companies that were condemned. I should like to draw the attention of hon. members to the report on the bread-baking industry in western Canada by Mr. Goldenberg, a special commissioner under the combines act. If hon. members have not read it, I recommend that they read it. If they will turn to page 100 of that report, they will find that two directors of the Ogilvie Company were conspiring on October 22, 1947, to put a man in northern Saskatchewan out of business. They bought him out for $100,000 and, if they had not done it, the Maple Leaf Company would have. Both these companies were in cahoots; they were combining to get that man out of business because he was an independent baker who was selling his goods at a price lower than the bakeries which these two giant corporations controlled.

If any honest man from Saskatchewan, Alberta, Manitoba, or British Columbia will read that report, he cannot help but condemn those two corporations. At least, he will then be able to understand why Mr. McGregor had reason for bringing in a report against this flour milling industry. For these are the same men who Mr. McGregor says have committed offences, and whom the government have chosen to exonerate.

The hon. member for Temiscouata (Mr. Pouliot) asked whether we could name a man. Well, there are two men. Their names

are right in the book on page 100. They are Mr. E. B. Frost and H. N. Davis, vice-presidents of Ogilvie Flour Mills. I do not care, Mr. Speaker, whether they are Tory or Liberal. Men who put up the price of flour or put up the price of bread and steal money from the poor, the poorest of this land, deserve no consideration whether they are Liberal or Tory or whatever they call themselves. They are not interested in the welfare of either party. They are interested only in themselves. They are selfish men. They want simply to have no competitors. They do not want to see anybody exist but themselves.

I think all hon. members, and especially the members of the government, must ask themselves this question: What is the state of this country? One would think sometimes that Canada is the only country in the world. One would think that there was no such place as Russia, where there are twenty million people who are slaves. One would think that there was no such place as China, where four hundred million people are being put under the control of the czar of Russia. It does not seem realistic sometimes to listen to the debates. All over the world there is a fear of the spread of communism. Have we no fear that communism will arise amongst us?

Czechoslovakia voted the communist government into power, and look at the condition of that country today. The other day the Minister of Finance (Mr. Abbott) announced to the country, through this house, that he was permitting landlords to raise rents. Look at the furore that he raised at the same time all over this country. There were protests. Why were there so many protests? There were so many protests, Mr. Speaker, because, as he said himself, the majority of the people of this country were living in rented homes. I think he was wrong. I hope he was wrong because if that is the state of Canada then I fear for it, unless some influence is brought to bear to change the tide and help to get the people in their own homes. I know of small places in the district that I represent, and probably hon. members who represent rural ridings know the same thing, where every man owns his own home. Not a person is worried about whether the rents go up or down because there is nobody paying rent. They all own their own homes. They are independent men. They do not care what happens. But the men who live in the cities, the men who live in rented rooms, men and women who live in lodgings, are the people who are fearful. These people who are drawing their weekly or monthly salaries and who live on fixed incomes are the ones who are fearful. If the price goes up there may be penury or poverty for them.

Some hon. Members: Order.

Mr. Deputy Speaker: If the hon. member is speaking on housing he is out of order.

Mr. Browne (St. John's West): No, I am not. On the point of order, may I say this. What I am drawing attention to is that we have to look at the people of this country as a whole, not as to the amount of money they are paying for their bread or for their rent. We want to see the people own their own homes.

Mr. Deputy Speaker: Order.

Some hon. Members: Order.

Mr. Mutch: Why don't you read the bill just once?

Mr. Deputy Speaker: Order.

Mr. Browne (St. John's West): I cannot see who is speaking but I know the remark is not a very intelligent one. What I wish to say, Mr. Speaker, is this. What we want to see is a stop to this growth of combines, and a stop to this growth of chain stores and multiple stores. We want to see small businesses increase all over the country so that there will be a greater number of small businesses and people will become more independent. Then the country would be a better country. There is a way to do it. It should be done through this committee or it may be done in some other way. But I would make a suggestion, as the hon. member who spoke before me suggested a number of methods. This is a suggestion for the Minister of Finance. There should be a tax according to the number of businesses that a man or a company has. If a company has one business it pays a small tax; with two businesses a little higher tax; with three a little higher, and so on. When they get into hundreds of businesses then they should pay a million dollars a year in taxes for having that privilege. That is the sort of thing I recommend. It may be a novel idea to the Minister of Justice (Mr. Garson) but I ask him to think it over. Think it over, and see if there is not something in it. Some positive legislation must be enacted. The combines investigation commissioner admits that the act is not enough. The Minister of Justice knows that the act is not enough, and that is the reason he has brought in this legislation. But I will tell him now that he will not succeed even with this legislation. The cases take too long, and the owners of these businesses are watching. They are watching when the investigator comes around, and they report it to one another.

As the commissioner said himself, the flour mills did not put up their prices after September 15. They knew he was conducting an investigation and they were minding their

p's and q's after that date. The individual is becoming more powerless every day. Before it is too late, before socialism or even communism should come to this country I ask the government to give serious consideration to some of the ideas that I have mentioned. Let us stop this strangling growth of giant corporations. If we do not we shall have socialism or we shall have the welfare state, the servile state it was once called, and it would mean the same thing. We may have security but we shall have no freedom. In this country we want to restore freedom of trade, freedom of competition, because there can be no liberty without economic liberty. That, Mr. Speaker, is a thesis for another speech and I do not think I should go on with it at the present time.

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, big business has so few friends here tonight that my usual sympathy for the underdog almost convinces me that I should come to its defence, but since big business is not the question before us I shall have to leave my defence of it until some other time.

We are supposed to be debating the second reading of a bill that was moved this morning by the Minister of Justice (Mr. Garson). While I have not found myself in general agreement with the minister in regard to the flour-milling report, I am bound to say that he made such a good job of explaining the amendments proposed in the bill that there is really nothing much left for me to do. The amendments proposed are three in number, and they are fairly simple. Indeed, so simple that I am puzzled why it took the Minister of Justice so long to introduce them into the house.

Having said that, I may as well go on with the discussion that has been in progress here since early this afternoon, namely, why the report made by the commissioner of the Combines Investigation Act was not tabled in the house nor published. It did not have to be tabled in the house, but why was it not published within the requisite time provided by law.

I read the speech made by the minister last Monday, and really as a defence for not making the report public it is about the weakest thing that I ever read. I heard it as well as read it. But coming back to the proposed amendments he said—

> If we get our amendment we will certainly be in a far better position as regards this or any other report than we are in now. I am going to base my request for support of the amendment on the position that I would not take the responsibility of prosecuting on any report unless we have this amendment.

I do not know what effect the amendments may have in regard to future reports, but if there is any validity in the opinion expressed last Monday night by the Prime Minister (Mr. St. Laurent) the amendments are certainly of no value so far as this report is concerned. Knowing what I do and, as I mentioned last Monday, that I was told that the draft of this bill was ready on September 21, I am inclined to the opinion that if Mr. McGregor had not resigned and forced the issue this bill would not be before us even now.

Mr. Garson: I am sure my hon. friend wishes to be fair and to state the facts, and that he will accept my interjection to the effect that the statement he has just made is quite incorrect. This amendment would have come down in any event; and so far as the commissioner's resignation is concerned, I may say that it was quite unexpected.

Mr. MacInnis: I shall have to take the minister's word for it. But that rather confirms my suspicion, that it was not until the minister had received the resignation that the notice was put in *Votes and Proceedings*. If it was the intention of the minister to introduce the bill in any case, then why was the introduction of the bill being held up? Surely it was ready quite a long time ago.

Speaking on Monday night the minister said:

> One of a number of matters which I found upon my desk at that time was the report of the combines investigation commissioner in connection with the flour milling industry. I should like to lay before you, Mr. Speaker, and through you, before the members of the house, the situation as I then found it. I took this report which was upon my desk—a report which had not been delivered to me in person because I was not here to receive it, upon a matter about which I had no more personal information than I have about the present state of affairs in Siam—

Then he mentioned that he took the report to cabinet, and found that there was objection in cabinet to the report; and that objection arose, according to the information we have heard in the house, because Donald Gordon had made a statement, or the Minister of Trade and Commerce (Mr. Howe) had made a statement, that certain undertakings or instructions had been given to the milling companies during the war years.

But is it not strange that apparently between the time the minister came into his office after his election in January, 1949, up until October 22, there was no effort made to bring together those people, Mr. McGregor, Mr. Gordon, and others, who could explain what it was all about? If the minister did not know anything more about the report than he knew about the state of affairs in Siam, surely there was a man in his department who knew something about the report. Surely Mr. McGregor knew something about the report—and Mr. McGregor would have been

glad to explain the report to him. As a matter of fact I rather think Mr. McGregor knew more about the report than the Minister of Trade and Commerce did; and if Mr. McGregor had been consulted perhaps he could have told the minister that there was no reason in the world why the report should not be made public. If there was a reason, perhaps the minister could have induced the commissioner to give him a written statement to the effect that the report should not be published at that time.

We come to another point. If the minister did not know what to do with the report in January, 1949, he did know that the law required him to make the report public. He knew that parliament was meeting on January 26, and he could have come to parliament at that time saying that he had this report and that for certain reasons he did not want to make it public until he could amend the Combines Investigation Act.

Surely that would have been the logical and reasonable thing to do. Parliament had neither to prorogue nor to be dissolved on April 30. We could have stayed here until we had amended the Combines Investigation Act so that, as the minister has said—

—we will certainly be in a far better position as regards this or any other report than we are in now.

Had the minister done that, the milling companies could have been taken into court, because I understand that was prior to the expiration of the two years' time limit in which prosecutions could be started. There does not seem to me to be a single out for the minister—not a single out. It has been said that he has been hiding the report. I do not say he was hiding it, but he certainly did nothing to bring it to light.

Then we come to the replies he gave to the hon. member for Winnipeg North Centre (Mr. Knowles) at the conclusion of his speech. At page 1524 of *Hansard* we find this:

Mr. Knowles: Will the minister tell the house on what authority the government relied when it made the decision to violate the provisions of section 27(5) of the act?

Mr. Garson: Well, Mr. Speaker, it relied upon the fact that any democratic government is answerable to the people of the country for its acts.

That would be a splendid answer if it were not for one fact, that the people did not know anything about the act of the government. So he hides behind the fact that the government is responsible to the people; but the people can carry out their responsibilities only when they know what the government is doing. And this government was very careful not to let the people know what it was doing.

The Combines Investigation Act was set up to protect the people of Canada. The provisions in that act were binding not only upon the commissioner but also upon the government. I am going to draw the attention of the house to something else the minister said. I really did not think the minister would stoop to this sort of thing. His genial, open countenance is such that one would not believe anything like this of him. He said, as reported on page 1520 of *Hansard* of November 7, 1949:

Mr. McGregor refers to my predecessor, the Right Hon. Mr. Ilsley, as having authorized these proceedings to go forward, but Mr. Ilsley's giving authority had nothing but academic significance, because his authority was not required. The commissioner himself has complete authority to go forward without authority from the minister. To charge the government that places in the hands of one of its civil servants that measure of authority with neglect in this matter seems to me to be somewhat unreasonable.

I did not understand that Mr. McGregor was charging the government with neglect.

Mr. Garson: I was not suggesting for a minute that Mr. McGregor was.

Mr. MacInnis: Whom has the minister in mind?

Mr. Garson: My hon. friends and his colleagues.

Mr. MacInnis: That is fine.

Mr. Garson: I am very glad my hon. friend brought that up because there was not the slightest suggestion that Mr. McGregor had anything to do with it at all.

Mr. MacInnis: All right, my mind is clear on that now.

Mr. Garson: I think my hon. friend will admit that he has been making a slight charge of neglect.

Mr. MacInnis: I am still charging the government with worse than neglect. Indeed, what the minister has done would have been a cause for impeachment at one stage in British history. I do not think the minister really understands the enormity of his offence. What in the world is the use of putting laws on the statute books if the government takes the position that they will carry them out, or be governed by them, just as they see fit. That is the position to which the minister has brought our laws. The minister went on:

But, sir, notwithstanding this very great authority which the commissioner has, we in the cabinet like to feel that we have a small residue of responsibility, if I may speak jocularly, for matters of policy.

Is not the responsibility and the authority of the combines commissioner outlined in the act? Did the combines commissioner go beyond the provisions of the act? He did not.

Mr. Garson: I am reluctant to interrupt my hon. friend, but I think he is taking that last sentence completely out of its context. If he will look down the column of *Hansard* just about an inch he will see where it is stated that we had had a number of suggestions with regard to matters of policy in the way of suggested amendments to the act. If my hon. friend will just connect up the matters he is complaining about with the context to which it refers, I think it will all be self-explanatory.

Mr. Knowles: You hope.

An hon. Member: Read it all.

Mr. MacInnis: I have no objection to reading it all. There were a number of interjections similar to those the minister is making tonight. After leaving out the remarks of minor individuals, we find this:

Mr. Garson: We had a number of ideas from Mr. McGregor and his associates, in respect to the formation of which he was under no restrictions whatever. Any good ideas that occurred to them they put down and sent to me and I took them into cabinet. There were no restrictions whatever. Well, we had a few ideas ourselves—

Mr. Garson: That is the point; now you are getting to the point.

Mr. MacInnis: The minister continued:

—and we, with some timidity in view of the great powers that the commissioner had, ventured to put these forward, and he turned every one of them down. These are the ones he refers to in his letter.

I do not think there is anything wrong with that. Here is the minister putting certain ideas before the commissioner in connection with something about which he knows no more than he does about the affairs of Siam, and then the minister objects because the commissioner does not accept them.

Mr. Graydon: He should have seen C. D. Howe first.

Mr. MacInnis: My opinion is that he saw C. D. Howe too often. He should have gone into his own office, locked the door and told his office boy not to let C. D. Howe in. Then perhaps he would not be in the jam in which he is today. Mr. McGregor has had long experience in combines investigation. He made suggestions to his minister and the minister brought them to the cabinet. Surely Mr. McGregor's responsibility was completed at that point. The cabinet was not compelled to take his suggestions. The minister was not compelled to take his suggestions. If that is so, why bring them up, why refer to them here?

Mr. Garson: As my hon. friend is asking a question I shall be glad to answer it.

Mr. MacInnis: It was just a manner of speaking, but I have no objection to the minister answering it because I have seen his other answers and I do not think much of them.

Mr. Garson: Perhaps this is the type of question the hon. member likes to ask and not have answered. My answer is this: Everything that was done was quite proper. It was quite proper for Mr. McGregor to make his suggestions and for those suggestions to go to cabinet. I think it was equally proper for cabinet to have some responsibility about matters of policy and to make certain suggestions and to get Mr. McGregor's opinion on them, as my hon. friend has just been suggesting we should do. The point in this excerpt which seems to have escaped my hon. friend is that I was referring to the complaint in Mr. McGregor's letter of resignation that the council had had the great temerity to make some suggestions on its own behalf. The point that I was making was that we had had the temerity to make suggestions and he had turned them down, and that closed the matter. That is the significance of that excerpt.

Mr. MacInnis: I read Mr. McGregor's memorandum several times and I do not find any great complaint by Mr. McGregor that the minister or the cabinet did not accept his suggestions. He merely mentions that they did not.

Mr. Garson: He complains that we have had the temerity to send back suggestions to him.

Mr. MacInnis: The word "temerity" is not used in his letter at all; there is no such word in his letter. From the time Mr. McGregor's letter of resignation was tabled in the house there has been an attempt by the government to make Mr. McGregor's position as untenable as it possibly could be made.

Mr. Knowles: It is the minister who is really in the impossible position.

Mr. MacInnis: There have been several references tonight to free enterprise. I do not know whether those who made those references realized that the purpose of the Combines Investigation Act is to keep enterprise free. What is wrong today with free enterprise is that those who are advocating free enterprise do not believe in free enterprise. They believe in monopolies and combines. That is why I have a file of reports so thick that it is a burden to carry downstairs, all of them showing how certain industries combine for one purpose or another.

We had an investigation a little while ago into the bread-baking industry and I should like to read a little bit of the evidence from

that report to show how fond free enterprisers are of free enterprise. This evidence was taken in Winnipeg. The witness was Mr. Conrad, and in the report I find the following:

Q. The Commissioner: Did Mr. Addems have authority to cut off supplies from Safeways, if they did not maintain the price?

A. I don't think he would do it.

Q. Did any such incident arise in connection with any retailer who didn't maintain your price?

A. There was one instance, if I remember correctly. That was with Safeways. They wished to sell our bread at one cent less than the other stores sold it for. We couldn't agree to that, we were price minded, and we lost business because we couldn't agree to it.

They lost business because they would not sell to Safeways. It continues:

Q. They were prepared to pay you the wholesale price and they wanted to sell it at a lower price than your other customers?

A. Yes.

Q. That being contrary to policy, you refused to sell them unless they were prepared to do as the others did?

A. Yes, that is right.

I wonder if that is free enterprise. The next item of evidence to which I wish to refer was taken in Vancouver, and is found on page 302 of the evidence:

The policy was also confirmed in evidence by Mr. Colwell, of Canadian Bakeries, as follows:

Q. What does bread retail at in the stores in Vancouver?

A. Eleven cents.

Q. What would you do if one of the retail stores should sell at 10 cents?

A. We would refuse to serve him.

Q. That would be your policy?

A. Yes. As a matter of fact I might add that has been the policy of the company ever since I have been with them. I started with them in 1912. Shellys first and then Canadian Bakeries, since 1912. I don't know of any single day we have not maintained the retail sale of our bread.

Q. That has been the policy of the company all the way through?

A. Yes it has.

Q. You have never weakened?

A. We could have held Safeways if we had let them sell at ten when the price was advanced; we told them we wouldn't do that and we didn't serve them.

The above quotations are to be found on page 81 of the report on the bread-baking industry in western Canada. Turning to the next page, and again in British Columbia, under the heading of "Agreements on tenders", the report reads:

As in Alberta and Saskatchewan, the bakers in British Columbia discussed and agreed upon uniform tenders for the provision of bread to the armed services.

The Minister of National Defence, whoever he was at that time, would ask for tenders for bread. They would go to great pains to advertise, and the particular bakeries would get together and decide on the price at which they would sell bread to the army, or sell bread to the people of Canada. The report goes on:

On December 17, 1941, Mr. G. R. Law, manager of Weston's, Victoria, wrote to Mr. Conrad:

"We have sent in the army tender for the contract January 1 to March 31 at 5 cents. Our last contract was for 5¼ cents. You will remember we discussed this on your last visit. Mr. Land of Canadian Bakeries and myself discussed this very carefully before submitting the tender and decided that with so much cheap bread around and with Vancouver bakers dropping their price we would be better to go to the five cent price. Our tender had to be in before I could get anything definite on what the Vancouver bakers were going to do although I had been advised that they were going to 4·90 at least. The tender, by the way, has been accepted."

That letter was exhibit 405 in the inquiry. Then we come to July 2, 1943, when Mr. Conrad of Weston's wrote to Mr. B. M. Colwell, manager of Canadian Bakeries, Vancouver. I think this quotation will show whether the prices board was making agreements to keep up prices. It reads:

The food administrator at Ottawa is complaining and has complained to officers of our parent organization that there is in Vancouver in effect a combine to regulate and keep up the price of bread to the army. Furthermore, he is sending Mr. Malkin to Vancouver to investigate the situation. I believe it would be a good idea if all the members of the association would get together and work out their ingredient, factory, administrative and shipping container costs, etc., so that they will be in a position to have time to discuss their own costs and be able to prove when the time comes—

That is, when Mr. Malkin arrives in Vancouver.

—that the price of 4·75 cents per pound is justified. To my mind there will be no difficulty about this whatsoever. One point which I believe to be very important is that since the bakeries have enjoyed a higher volume of business by their own right, the army volume of business is baked in overtime which would have effect of increasing labour costs. In my own mind and as far as our organization is concerned, there is nothing wrong with the price quoted to the army, considering the local conditions in effect at both Vancouver and Victoria.

Surely with all the information on the flour milling case that the Minister of Justice (Mr. Garson) could have had by requesting it, and with experts to explain it to him, there was no necessity for him to take the advice of people who did not know anything about it. If he had only read the letter that accompanied the report from Mr. McGregor he would have found that the investigation was begun in September, 1947, that hearings were held in Winnipeg in October and November, 1947, and in Toronto and Montreal in January, February and March, 1948. The second last paragraph of the letter reads:

At my request counsel for the commission prepared a detailed summary of and commentary on the evidence which I then sent to the companies and persons involved as notice of the matters

alleged. At the same time they were invited to supplement in any way they wished the representations and evidence already given during the hearings in regard to the same matters. Full opportunity was then given for those involved to present such further representations and evidence. Written or oral argument was then presented by or on behalf of all to whom notice had been given. In some instances the argument was directed primarily to a claim that the commissioner had acted without jurisdiction and without giving them adequate notice. On June 4, 1948, further hearings were held before me in Ottawa during which argument was heard from an officer of one company and its counsel.

In no case did these companies claim or bring forward proof that there were any understandings or instructions from the wartime prices and trade board or from any officer thereof. I suggest to the minister and to the government that they accept the amendment moved by the leader of the opposition and allow the matter to go to a committee where we can bring all those together who have different ideas on these matters, where we can get their evidence under oath, if necessary. Then we can come to our own conclusion as to who is right and who is wrong. Until that is done we shall not know who is right and who is wrong.

Some hon. Members: Question.

Mr. A. L. Smith (Calgary West): The only applause I get when I rise to speak is the word "question" from my good friends across the way. This debate has taken a course which greatly interests me. One of the most interesting things I have heard, I think, is the story of a friend of the hon. member for Macleod (Mr. Hansell) stealing a handcar. I know something about handcars; I earned my living pushing one all one summer when I was seventeen. The hon. member's friend must be a powerful man, because one man cannot push a handcar if there is the slightest bit of grade. So I think probably his friend preferred jail to pushing the handcar; in any event he would if he were smart.

There is something I am very anxious the Minister of Justice (Mr. Garson) should answer when he comes to close this debate. The thing that is bothering me is why we need the Combines Investigation Act at all. I refer hon. members to sections 498 and 498A of the Criminal Code, and I think perhaps the minister will admit that I should have some knowledge of this because in a case which has been much discussed here, known as the tobacco case, I was prosecutor until I was fired by the premier of Alberta, who at that time was also attorney general. I was not fired for knowing nothing about it; nevertheless I was fired. Then the gentleman who is now chief justice of Ontario, whose name I believe is McRuer, was paid by this government to prosecute the case;

and he was thrown out of court on a much simpler problem than arose in the dental case. The dominion government, having taken over at least payment of the prosecutor, perhaps did not have the right to lay an information, so that ended in something of a tragedy. However, at that time I did pick up a little knowledge with respect to prosecutions. This is the section under which I prosecuted:

498. Every one is guilty of an indictable offence and liable to a penalty not exceeding four thousand dollars and not less than two hundred dollars, or to two years' imprisonment, or, if a corporation, is liable to a penalty not exceeding ten thousand dollars, and not less than one thousand dollars, who conspires, combines, agrees and arranges with any other person, or with any railway, steamship, steamboat or transportation company—

I shall just read the side notes, not the subsections:

To limit transportation facilities; or
To restrain or injure trade or commerce in relation to any such article or commodity; or
lessen manufacturing; or
lessen competition.

The saving clause is:

Nothing in this section shall be construed to apply to combinations of workmen or employees for their own reasonable protection as such workmen or employees.

By virtue of that saving clause our organized unions were freed from any charge of conspiracy. Not much attention is paid to that now, but the point I am making is that at one time this government of Canada did pass this legislation in favour of labour unions, though we get very little thanks from some of them at this time. Then I come to section 498A:

Discrimination in Trade

Every person engaged in trade or commerce or industry is guilty of an indictable offence and liable to a penalty not exceeding one thousand dollars or to one month's imprisonment, or, if a corporation, to a penalty not exceeding five thousand dollars, who

(a) is a party or privy to, or assists in, any transaction of sale which discriminates, to his knowledge, against competitors of the purchaser in that any discount, rebate or allowance is granted to the purchaser over and above any discount, rebate or allowance available at the time of such transaction to the aforesaid competitors in respect of a sale of goods of like quality and quantity;

Then there is an exception, and it goes on:

(b) engages in a policy of selling goods in any area of Canada at prices lower than those exacted by such seller elsewhere in Canada, for the purpose of destroying competition or eliminating a competitor in such part of Canada;

(c) engages in a policy of selling goods at prices unreasonably low for the purpose of destroying competition or eliminating a competitor.

The point I am making is that in its wisdom parliament put these provisions in the Criminal Code, enforceable by anyone. Informations may be laid by anyone against a

combine, against any discrimination, against pricing things at a level designed to destroy a competitor; and it seems to me that in the Criminal Code itself we have everything they have in the Combines Investigation Act, as far as I know, except the special machinery set up for doing these things. So as far as I was concerned I laid my charge under section 498. Then, as I say, I was fired and a great counsel came into the picture. He decided the charge should be laid under this pet Combines Investigation Act. I quit in this way. I put in evidence which I thought, and still think, was admissible; then I entered a stay. Following that, this new charge was laid by this great man; but the appeal court told him what every law student knows, that a stay is not the end of a prosecution, and you cannot prosecute a man twice for the same thing and at the same time. So the tobacco case was lost. That is the simple story; it is in the judgment of the appellate court.

The point I am trying to make generally with respect to these prosecutions is this. Obviously I have not had the opportunity, nor would I accept it if I had, of reading the many documents and exhibits filed in the dental case; but I have read the judgment. I wonder just how far that judgment goes. In the tobacco case, for example, they had written agreements signed by the president and secretary of the company. In that case the allegation was—and it was quite true—that these tobacco companies, all of whose headquarters were in Montreal, had these agreements signed with every wholesale tobacconist and every wholesale grocer throughout the country. They really did a job. They left no loose ends to be gathered up; it was a printed form which these people signed. In one instance I have particularly in mind, because the wholesale house was in my own city of Calgary, I put in the agreement signed by the president and secretary of the company.

Perhaps I rudely interrupted the minister this morning when he was introducing this bill in stating that, when a document is signed by the president, the responsible officer of the company in the ordinary method of carrying on business, no court in this world has a right to say that further proof is needed. I shall go further. Supposing you do need more than that. Let me exaggerate the decision of the appeal court of Ontario, as I feel sure the minister is exaggerating it. I am not suggesting any bad faith; let us have no doubt about that. I do say this: Even carrying it to its limit, the officers of the company could be called, as was done in the tobacco case, and asked "Whose signature is that?" Who is he? What is he in your business?

You do not need to worry. Your witnesses are unsympathetic, of course. Any time you go in, as we did, back a truck up against the head office and start shovelling the evidence into the truck, you do not need to worry. We had a mounted policeman and a couple of chartered accountants. Not only did we do that, but we took the filing cabinets the files were in and put them in the truck. This was done to avoid transshipment. The member who said I knew nothing about transportation is not here tonight, but I can tell him that is to avoid transshipment. That is the way the Combines Investigation Act operates. Although I laid the charge under section 498 of the Criminal Code, remember that all the preliminary work had been done by the combines investigator. They had lots of them. They stood a fellow up against the wall and said, "Is that your signature?" "Yes, that is mine". It is the only criminal prosecution of which I know, except those in the republic of France, in which the accused man is stood up against a wall and cross-examined by one occupying the position of a magistrate. The accused is without counsel and has no right to withhold what he has in his mind. That is the method of operation under this act, and I do not think anyone would deny that.

I went down to Montreal and helped myself to what I thought were the rather interesting files in the Imperial Tobacco Company, Macdonald Tobacco Company and Benson and Hedges. Then, I changed my pasture and operated in Edmonton. I dared not do it in Calgary, sir, or they would have run me out of town, as they should have; that is no way to undertake a prosecution.

What is our particular problem? I am going to attempt to strip this amendment to its bare essentials to see what it means. The amendment is that we should have a committee before whom we shall be privileged to call witnesses. At law, our position is this: The other day the Minister of Justice read to us the results of certain prosecutions. Tremendous fines had been imposed upon corporations. Perhaps they were not enough; I do not know. I cannot discuss that. These corporations were convicted of a breach of the Combines Investigation Act and they paid their penalties. Now we have the Minister of Justice forced into the position of a breach of the same act which cost these men all this money. He has pleaded guilty to a breach of the same act under which these corporations were charged; that is the simple position. The minister pleads guilty. He does not deny he failed to file that report within

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fifteen days after it was delivered. I do not know that I have ever felt more sorry for a man in my life than I do for him. The minister has been ill-advised, and at law what is he doing now? He is pleading guilty, and then calling the Minister of Trade and Commerce (Mr. Howe) to give evidence of character and extenuating circumstances. That is the simple position in which this house finds itself at the moment.

What is all this difficulty about? The ministers frankly disagree with one another, then drive one another home to dinner and that ends that. They laugh it off in this house. They are not the people who are really at cross-purposes. Their difficulty was a simple one; shall be publish it or shall we not? Shall we break the law or shall we not? Let us break the law because we will bring in some amendments and morally we shall be free. Legally, they are in breach of a mandatory statute. The two men who are really interested are McGregor and Gordon. McGregor says, I do so and so, and he puts it in writing to the minister. He leaves it on the minister's desk, which is all he is entitled to do.

Mr. McGregor was entitled to say that, in his judgment, this report should not be made public. Apparently, without any cloudiness in his eyes or in his brain, he decided not to so recommend. His failure to do that put the minister in a spot, Mr. Speaker; there is no doubt about that. The minister had only recently arrived from a little place called Winnipeg, which is neither east nor west, and never the twain shall meet until earth and sky stand presently, and all that sort of thing. The minister was faced with this difficult problem. He was the junior member of the cabinet. These big boss boys who have been here for some time said, "Stuart, do not do it; we might get into difficulty". The minister said "Where do I go from here?" Ten months later these bosses said, "Publish the thing because McGregor has resigned". No one knows how I get these secrets from the cabinet but, really, that is about what took place.

The difference is really between Mr. McGregor and Mr. Gordon. Let us get McGregor and Gordon before a committee, leaving out the sin of omission which at law, as the Minister of Justice knows, is often worse than a sin of commission. Who are the people who meet head on over this whole business? It is Donald Gordon and Fred McGregor, that is who they are. One said so-and-so and the other said something quite to the contrary. One says the whole thing is excusable because he told these companies, both verbally and in writing, that they were free of the Combines Investigation Act for as long as the wartime prices and trade board was in existence—not for the period of the war, but as long as prices were under the control of that board.

A request has been made for that correspondence. It has not been produced. A memorandum from Donald Gordon has been produced. I am not criticizing anybody. I do not do that until I get the facts. I will admit that Donald Gordon is perhaps the best Scotch singer of whom I know in Ottawa. When it comes to his judgment of the Combines Investigation Act, however, I want to know what he knows about it. I should like to know whether he was accurate in the memorandum which he gave to the Minister of Trade and Commerce and which the Minister of Trade and Commerce, through the great kindness of his heart and nothing else, read to the little children of this house. We are to accept the crumbs that fall from our master's table and we are supposed to be well satisfied.

I have outlined what the amendment requests, that we might have a committee in which we humble members of parliament might be able to ask these great civil servants a few simple questions. Is that unreasonable? Is there anybody on the Liberal side who would suggest to me that that is unreasonable? Remember, I know that in the back of your minds you all have the idea that the man who is talking is seeking to do some terrible thing politically, or something of that sort. But there are limits in these committees. We have good chairmen of these committees. I would suggest that the senior hon. member for Halifax (Mr. Isnor), who I think is one of the fairest chairmen of committees that I have ever known—and that is no reflection on anyone else, but he is tops—be made chairman of the committee. Then, let us get Fred McGregor; let us get Donald Gordon. They differ in this thing and in various things. And let us, the members of the House of Commons, find out what the true situation is. There can be no ministerial difficulty about it, because either of these men is right or he is wrong. The story we get from them is this. First, Gordon says that in a limited period he gave these undertakings verbally and in writing. Well, he can tell us to whom he gave them. If they are in writing he can produce the letters that he wrote. If they are oral he can tell us. In the meantime, little McGregor, little wee McGregor as he is now, not what he was just a few weeks ago, can give us the reasons in some detail for his resignation. That is all the amendment means. Is there anybody who will suggest that that is unreasonable in any way?

What is the other side? We won't grant a committee. We won't permit these questions to be asked. We won't have these men meet one another—I trust face to face. I believe they are very good friends even now, but one of them can be mistaken. Let us put it on the best ground we can. Let us find out which one is mistaken or which one perhaps is being even more than mistaken. And then let the members of the House of Commons form a judgment on the whole matter.

I turn now to another aspect of the amendment itself. I hope the Minister of Justice (Mr. Garson) will correct me if I have misinterpreted the meaning of the section dealing with evidence. As I remember it, the old law of the scoop shovel method, which was backing a truck up and throwing everything up on the judge's desk, came from a case about twenty or twenty-five years ago from the same court of appeal in Ontario. It was Rex *v.* Clark or some such short name. I am not sure of it, but it was an appeal court case, and that is where we got into this habit of trying to prove things in that way.

May I say to the lay members of the House of Commons that you do not need to have conspirators all in one place or have them together. You may convict people of conspiracy who have never seen one another or have never heard of one another. That is part of it. You first show that there is a conspiracy and then here we go gathering nuts in May, and you pick them in Siam or in London or in any other place. They have never seen each other, and yet under our law they may be guilty of conspiracy.

I am going to say this to the Minister of Justice. We should exercise the greatest care in finding a man guilty before trial. Let me say at once I agree with him that the amendment to the statute says that what the government seeks is the rebuttal presumption. That of course means that I am guilty but I may have a chance to prove myself innocent. That is exactly what the rebuttal presumption is. I often think that perhaps the further we wander from the great rule of English law that a man is innocent until he is proven guilty the more we incur grave, perhaps not consequences but, I fear, consequences which may arise from something like that. Under the Criminal Code the only one that I remember at the moment is one that I am in hearty agreement with, namely, in connection with drugs. I am in hearty agreement with the principle that in the case of any person found in possession of drugs we should say to him, you are guilty unless you prove yourself innocent. But with great respect, Mr. Speaker, I cannot—perhaps it is my training in law—say other than that I find it difficult to accept the idea which is inherent in this bill that we need to depart from the old idea of innocence until guilt is proven. I repeat what I said a moment ago.

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

Mr. Smith (Calgary West): Yes.

Mr. Garson: In his prosecution of the tobacco combines in Edmonton did he not himself as prosecutor invoke this possessory principle in getting admitted as evidence these truckloads of documents which he brought to that trial?

Mr. Smith (Calgary West): Oh I did, yes, but I failed to have them admitted as evidence. They were all marked for identification; and when I explained to His Lordship and asked him, which was quite nervy for counsel, why they were not marked in evidence, he told me that I had a lot of experience at the bar and that I should know. I then went to the attorney general of Alberta and suggested that we have a stay, that I could not get any further with the rulings I was getting from the judge. I was relying on that Ontario case of which I spoke.

Mr. Garson: I am not implying any criticism of my hon. friend as counsel. I was just asking for information as to whether in that case he did not invoke the same possessory principle which he now decries in this bill.

Mr. Smith (Calgary West): No. May I make myself very plain about this. At the moment I was not discussing that. I was discussing the rebuttal presumption. I had finished dealing with the evidence. The minister will remember I did say that I could call and did call officers of these various corporations who explained whose signature that was, what his job was, what an executive was, what his position was, what his authority was; in fact, the difficulty that the minister ran up against in the dental case. I still say that the officers of these corporations are available. If they are dead they have successors who are quite capable of telling whose signature this is and the other is, what his position was and the authority he had to carry on the corporation's business. When I was interrupted by the minister—and I welcomed it because I am trying to be helpful; I hope the minister will interrupt me if I make any mistakes—I was turning back to the old principle of the rebuttal presumption which is contained in the bill. As I say, under the Criminal Code

the only one that I remember—there may be others—is that of people being charged with possession of dope.

Some hon. Members: Eleven o'clock.

On motion of Mr. Smith (Calgary West) the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we shall take up first Bill No. 142, to amend the National Housing Act, 1944; then second reading of Bill No. 145, respecting the acquisition of the Temiscouata railway; then Bill No. 146, to authorize the granting of a subsidy to the government of the province of British Columbia in aid of the construction of an extension to the Pacific Great Eastern Railway; and lastly the house in committee of the whole on Bill No. 12, to establish the Canadian Overseas Telecommunication Corporation.

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

HOUSE OF COMMONS

Tuesday, November 15, 1949

The house met at eleven o'clock.

STRAIT OF CANSO

CONSTRUCTION OF BRIDGE—REQUEST FOR PROGRESS REPORT

On the orders of the day:

Mr. Clarence Gillis (Cape Breton South): I should like to ask a question of the Minister of Transport, of which, because of morning sittings, he has not had notice. At some time before prorogation would he be in a position to make a report to the house as to the progress which is being made in the matter of the construction of a bridge over the strait of Canso?

Hon. Lionel Chevrier (Minister of Transport): When the estimates of the Department of Transport are under discussion I shall be glad to make a statement on the matter referred to by the hon. member.

CITY OF OTTAWA

SUGGESTED CONSTRUCTION OF SHELTERS AT BUS STOPS

On the orders of the day:

Mr. T. L. Church (Broadview): I should like to ask a question of the Minister of Public Works. Would the government consider erecting a shelter for the large number of people who wait for buses next to the Chateau Laurier hotel in the cold and wintry weather? It is largely crown property. Would he confer with the civic authorities in the matter, and act accordingly? I raised the same question last session, and he said he would.

Hon. Alphonse Fournier (Minister of Public Works): I cannot recall what I said on the previous occasion, but I know these crown lands are close to certain of our buildings. The policy of the government in the past has been to keep such lands free. I believe they have changed twice in the last three years the stopping places of these buses, and we do not know whether the city would wish to make any further changes. However, I have taken note of the hon. member's question, and I shall ask my officials to consider the matter.

Mr. Church: The fact that the city recently became the owners of the street railway might make some difference in the matter of their willingness to erect a temporary shelter.

NATIONAL HOUSING ACT

AMENDMENTS PROVIDING FOR JOINT OPERATION OF HOUSING PROJECTS AND LOANS TO HOME OWNERS

Hon. Robert H. Winters (Minister of Reconstruction and Supply) moved the second reading of Bill No. 142, to amend the National Housing Act, 1944.

He said: Mr. Speaker, before commenting upon the proposed legislation I should like to make some general remarks, including a few references to what has been achieved in the field of housing by the aggregate efforts of all who have concerned themselves with this important activity.

Housing accomplishments in the years before 1949 have been reviewed on a number of occasions in this house. Factual information will be found in the annual report of the Central Mortgage and Housing Corporation, which was tabled on March 22, 1949, and in "Housing in Canada", a quarterly publication of the corporation. I will therefore confine my remarks to the housing situation as it has developed in the course of this year.

On September 21 I said that new housing, even at the present record rate of production, was barely keeping up with current needs, and making no important inroads into the backlog. In degree this is less true in 1949 than in any previous post-war year. Our housing completions this year are likely to be about twenty per cent higher than in 1948, and net family formation is likely to be about ten per cent below that of last year. On this basis new housing would exceed net family formation by about 20,000 units. Two years ago net family formation exceeded the number of new housing units by a large margin. Last year new housing was just about in balance with net family formation. This is the first year that some progress will have been made to reduce the backlog of housing need accumulated both during the war years and the depressed thirties. It is not an important inroad, considering the magnitude of the backlog; nevertheless it is a significant reduction of the over-all housing need.

A favourable feature of the housing situation is a distinct levelling-off of building costs during 1949. During the first nine months of 1949 the weighted index of residential building costs changed very little. Hon. members will recall that in the years 1946, 1947 and 1948, construction costs, as represented by

this index, rose 11 per cent, 22 per cent and 11 per cent respectively. The weighted index of materials is approximately one per cent under that of January 1, 1949. This is offset by a weighted wage increase of approximately 3 per cent, so that the index is now only fractionally higher than it was at the first of the year.

Furthermore, a more regular and adequate supply of materials, together with increased productivity of the house building labour force, has had the effect of reducing costs. I am not suggesting that the price of new houses has decreased appreciably, because under present market conditions it is the sale price of a house rather than the cost of construction that is the governing factor. A year ago Central Mortgage and Housing Corporation was having difficulty in securing contractors to build veterans' rental units. They were able only to secure prices subject to an escalator clause. This year there has been keen competition in bidding for jobs in all parts of the country, with the result that comparable houses are costing about three per cent less this year than last. These reductions are not large, but they do represent a cessation of the continuous upward cost trend experienced since the end of the war. In 1950 we may expect further improvement in the supply situation. As a result there is reasonable prospect that building costs will not be higher than in 1949.

There is general complaint about high building costs in the post-war period. High prices of building materials, high wage rates, high profits, and inefficiency of the building industry, are the reasons usually ascribed. We would all like to see construction costs lower than they are today. But it might be helpful to consider a few facts which provide us with a perspective in this matter.

It is true that it costs about twice as much today to build a house as it did before the war. But it is also true that the income of the average person in 1949 is more than twice as great as it was in 1939. In that year, in per capita terms, the average Canadian had a net income of $371 after taxes. But in 1948, the year for which the latest figures are available, the corresponding income was $859, or about two and one-third times as high as it was ten years ago. The relationship between prices of housing and incomes is probably more important than the absolute level of construction costs. It is true that there are a number of families who cannot afford new houses at present prices and costs, but the fact remains that more new houses are being built and more existing properties are being sold when both costs and incomes are up than was the case before the war when costs and incomes were much lower.

The outstanding feature of the housing program this year has been the continuation of the large volume of new starts and completions. During the early months of the year, new residential starts ran far ahead of the corresponding months of 1948. In June, July and August the starts dropped sharply in comparison to a year ago, and it was thought by some that perhaps the experience of these three months indicated a trend. However, starts in September were buoyant and somewhat in excess of the corresponding figures for 1948.

Completions have been at new record levels. The heavy carryover of partly completed units at the beginning of the year, together with the high level of new starts, has resulted in completions far above 1948.

Complete figures up to the end of August and partial figures during September indicate that 62,500 new housing units were completed in the first nine months of 1949. This is an increase of 24 per cent over the corresponding period of 1948. If the last quarter of 1949 follows the pattern of the last quarter of 1948, completions of new units will amount to approximately 92,000. Adding conversions to new units, total completions of all kinds for 1949 would under these conditions be of the order of 96,000.

Starts in the first nine months of 1949 were about 71,000, almost the same as in 1948. Units under construction at the end of September, 1949, amount to 65,800, as compared with 63,700 a year ago. Projecting new starts for the remainder of the year on the same basis, a total of 86,000 starts might be expected.

There are, however, two important qualifications to the projection of the figures for the first nine months of 1949 as an estimate for figures for the full year. The effect of the steel strike in the United States may reduce the number of completions during the last quarter. In respect to starts, a repetition of last year's pattern requires weather as favourable as it was in the last quarter of 1948.

Speaking in this house on July 22, 1946, my predecessor, the present Minister of Trade and Commerce (Mr. Howe), estimated that some 480,000 units should be built during the five years ending March, 1952. He set a target of 80,000 units for 1947-48, and 100,000 in each of the following years. Up to the end of September, 1949—the first two and a half years—his estimate was 230,000 units. During that period completions have amounted to 212,134 units. This is substantial accomplishment of the target of completions, and full

accomplishment if allowance is made for the increased number of houses presently under construction.

The greatest part of housing completions in 1949 will be by private endeavour. Housing on direct government account, such as veterans' rental units, married quarters for the Department of National Defence, and other activities resulting in government ownership, will account for about 14 per cent of all completions. Another 25 per cent is financed under the National Housing Act. The remaining 61 per cent of completions will be without government sponsorship of any kind.

I would call the attention of the hon. members to the fact that this unprecedented amount of housing has been built during a time when capital investment of other forms also has been at a record level. With the exception of a few areas, the construction industry is fully employed. Nor is there indication of an immediate decrease in the aggregate volume of non-residential construction. This is probably a good thing, because most of the current non-residential construction program is necessary for the growth and welfare of the nation. If there were a lessening in non-residential construction, it might be possible to increase residential construction by a moderate amount. I say a moderate amount, because the limitation upon our house building program is not only because the construction industry is fully employed, but also because of the shortage of serviced land.

Much has been said about steps which the dominion government might take to promote the building of many more thousands of housing units each year. I need hardly remind those familiar with housing problems that the first and foremost need is for land upon which to place houses. Municipalities have definite ideas as to the manner of development of their communities. Services of all kinds must be provided—not only those immediately adjacent to the houses, but also basic services such as pumping stations, schools, sewage disposal and facilities of the kind. Some municipalities are having trouble in financing these services for the current residential construction program; other municipalities have no undeveloped land within their boundaries. This is an important limitation upon the volume of new housing which can be built. The bill now before the house contemplates a co-operative arrangement between the provinces and the dominion to assist the municipalities in this respect.

Quite naturally, a great many people are talking about housing these days. Some people believe that the only solution is a subsidized public housing program to look after those who cannot afford to pay economic rentals. Others believe that the only way is for the governments to sponsor large quantities of modest dwellings to be sold to potential home owners on a rent-purchase plan with little or no down payment. Others believe that, if enough houses are built for those who can afford them, in due course the filtering process will work so that everybody will be comfortably housed. It seems to me that there is nothing mutually exclusive in various methods of making progress. There is great merit in—and certainly it is the policy of the government to encourage as much as possible—new housing by private enterprise. A good case can be made to widen the band of potential home owners by terms of financing. Hon. members will notice that we have taken steps along these lines in the bill now before the house, and I doubt if there are many who will object too strenuously to the proposition that there is a group of families in this country which is financially unable to improve its housing condition and for whom public housing with subsidized rentals is necessary. It seems to me that the problem is so large and so important that every reasonable approach must be used.

Perhaps the most important principle of the legislation which we are now considering is the new structure being created for dominion-provincial co-operation. Years of experience of the federal government in the housing field on its own account have indicated very clearly the impracticability of the dominion being the sole participant in a long range national housing program. The provinces have authority and facilities in the real property field. Moreover they, with the municipalities, are better judges of local housing needs than is the federal government. Any good plan must contemplate close and continuous co-operation between all three levels of government. I hope that the pattern we are now proposing, which has received a measure of informal support from some of the provinces, will provide a long-term method of operation whereby the three levels of government can assist the orderly development of housing throughout the country.

In the immediate future, this pattern will be useful toward making good the housing shortage. A further consideration is that the day may come when the building of a large volume of new housing will be welcomed as well for the employment it will provide. All hon. members will remember evidences of this during the thirties. Construction then was, and perhaps still is, one of our most volatile industries.

The policy of the dominion government, and we presume most provincial governments, will be directed towards an even flow of new

residential construction by private enterprise. However, the pattern which we are now suggesting will provide an opportunity for public investment in this field should it be considered desirable. To illustrate my point, I can think of no better example than slum clearance and redevelopment of the site. If for no other reason than inability to rehouse families, slum clearance and redevelopment projects are not appropriate everywhere today. However, the time may come when effective demand for new housing will have dropped to a point where redevelopment of areas containing substandard housing will have not only social but economic benefit. The pattern of this legislation provides the machinery by which such steps can be taken.

I should like now to make some comments upon the bill itself. It contains four major changes, as well as a number of minor amendments. The major changes are:

(a) The reduction of the down payment required from people who wish to own their houses.

(b) Enabling the federal government to join with the provinces in desirable housing developments of all forms, including the assembly of land.

(c) An increase in the maximum amounts which may be made available for home improvement and home extension purposes.

(d) Changes in the co-operative section of the National Housing Act so that its facilities will be more readily available.

The bill changes the definition of a builder so as not to exclude a builder who holds a long-term lease or other satisfactory interest in the land. The previous limitation of ownership has caused difficulty in areas where long-term leases are customary. A continuation of the limitation of ownership would be inappropriate for Newfoundland, where ground leases are more general than land held in fee simple.

The bill provides that a basic loan of 80 per cent of the lending value shall be made available to a builder or to a home owner. The amortization may be for a period as long as thirty years. Provided that the purchase price to the home owner is a fair and reasonable one, provision is made for an additional advance in amount of one-sixth of the basic loan. This change provides considerably higher mortgage financing than the act in its present form. Depending upon the price at which the house is sold by the builder to the home owner, the down payment requirements will range between one-sixth and one-tenth of the purchase price.

The fair and reasonable price provision is included because previous experience under the National Housing Act, as well as our understanding of experience under the Ontario second mortgage legislation, indicate that increased mortgage financing tends to increase sale prices. Little purpose would be served if, by providing an extra mortgage loan of $1,000, the sale price of the house went up a part or all of this amount. The majority of present houses under the National Housing Act will, within the present range of sale prices, qualify under the fair and reasonable provision. Houses upon which the builder is taking a very long profit will not qualify.

I should like to make it perfectly clear that the fair and reasonable provision is not a limitation upon the sale price of houses to be financed under the National Housing Act. A house with a lending value of $6,000 will qualify for a basic loan of $4,800, and for a further advance of $800 to a home owner who has purchased the house at a price not exceeding $6,720, which is the total loan of $5,600 plus 20 per cent, and would be considered the fair and reasonable price. The builder may sell the house at any price he desires. If, however, the price is above the fair and reasonable price, the basic loan of 80 per cent will be made, but the additional advance to the home owner is not available. During the last few weeks I have had a number of representations that the fair and reasonable price requirement is unreasonable, and that the legislation should be brought down without this provision. I can only say that these representations in many ways point up the very reason for the limitation.

The bill also provides for revisions to the co-operative section of the act. During the past year or two there have been a number of representations from co-operatives that the act, in its present form, is unsuitable. With this we agree. Representations have been made that the rate of interest payable by co-operatives or by individuals who have built their houses under co-operative schemes should be less than the rate of interest available to home owners. As will be clear to hon. members, this point of view cannot be accepted. Therefore amendments are now being proposed to improve the mechanics, and indeed the terms, of loans to co-operatives, but no change is being made in the interest rate.

It has been suggested to us that there is a similarity between the purpose of section 9 and the co-operative part of the act. This, of course, is far from being the case, because section 9 contemplates rental housing with no proprietary interest by the occupant. It is also definite in its provision that continued occupancy is dependent upon family income being below a certain level. An examination of section 9 will show clearly the reasons why a co-operative is not a limited dividend rental housing project.

It does not seem reasonable to us that individuals with a proprietary interest in the house in which they live should be afforded better terms under a co-operative than if they arranged the financing of their houses on an individual basis. The government deems it unwise to create such differential.

In our experience we find that there are two kinds of co-operatives. There is the genuine co-operative formed by a group of people interested in producing houses for their mutual benefit. The legislation is being revised to suit their needs.

The other type of co-operative is one developed by a promoter for the purpose of finding a lucrative method by which to market his construction. This is the type of co-operative in which we believe Canadians would not wish the government to be interested. It will be noticed than an application will not be approved from a co-operative unless the corporation is satisfied that 80 per cent of the family housing units will be occupied by co-operators. In other words the genuine nature of the co-operative must be evident at the time of the application. I may say that this limitation carries the judgment of several officials experienced in the co-operative movement as it relates to house building. They are as anxious as we to avoid the use of the co-operative principle for purposes for which it was not intended.

There are two distinct kinds of housing projects for which the legislation makes provision. In the province of Quebec, especially, co-operative housing maintains the co-operative principle until the completion of the unit, at which time full ownership is transferred to the individual. Hon. members will notice that the legislation contemplates loans to such a co-operative in amount of 80 per cent of the lending value, and an additional advance of one-sixth of the joint loan at the time the member of the co-operative takes title to his home. The arrangements give advantage of blanket loans to the co-operative, together with the full advantages of the home ownership provision of the act to the co-operator after he has full ownership of his house.

The other form of co-operative contemplates the co-operative principle continuing after the completion and occupancy of the housing unit. Of necessity this must be the condition in the case of a multi-family unit. But where a multi-family unit or a group of houses maintain the co-operative principle after completion, provision is made for the additional advance comparable to that afforded to a home owner.

Under the present co-operative legislation, where the co-operative principles extend beyond completion, there is a requirement of joint and several covenants. During the past few years a number of genuine and worthy co-operatives have been unable to finance under the National Housing Act because the solicitors of the co-operators have recommended to their clients that they do not participate in a joint and several covenant. In order to meet this difficulty the legislation before the house now provides for a several covenant only. In other words, if the co-operative gets into trouble and the mortgagee must realize on his security, each co-operator is personally liable only for his share of the loss suffered by the mortgagee. Although this removes one of the main limitations of the legislation as it now exists, there is no manner in which the equity of the non-defaulting co-operator can be protected against the default of a large enough number of co-operators to occasion default and foreclosure of the mortgage. This is an unfavourable but inherent feature of co-operative ownership.

There is provision for an increase in the maximum amount of loans for home improvement and home extension purposes. The present maximum limits were established in 1944. Since then building costs have increased, and the limits are being increased by 25 per cent.

Authority is being sought so that the corporation shall have the power to deal with properties acquired by it. The present act limits such powers to housing projects. Because the corporation now manages properties such as Ajax near Oshawa and Laurentian Terrace in Ottawa, like powers are needed to deal with all classes of property.

On September 21, and again on October 28, I outlined the nature of the proposed dominion-provincial arrangements and the general reasons why enabling legislation is being sought. During the last ten years, in the construction of both war workers' and veterans' rental units, experience has shown that governmental operations in the housing field require participation by the provinces. Neither the provinces nor the dominion are happy with arrangements whereby the dominion enters directly into agreements with municipalities. It is quite true that most of the provinces passed enabling legislation to allow their municipalities to enter into such contracts. However, in my conversations with the provinces there was general agreement in principle that long-term arrangements and contracts between the dominion and the municipalities were not desirable.

The provincial governments are familiar with local conditions, and their direct participation is required to develop housing

projects, particularly in view of the jurisdictional aspects of the various phases of the problem. For instance, new housing in a number of our larger municipalities is dependent upon land being made available. In many cases this land is not within the present boundaries of the municipality. The main municipality is reluctant to extend its civic services into the adjoining municipality. The adjoining municipality in some cases is reluctant to add new small residential units built within its area, because, even with full taxes, small residential units are a deficit item in the accounts of the municipality. This is the type of problem which the provinces can do much to resolve.

It will be noticed that the legislation is general in form and enabling in character. In order to join with the dominion in such projects, the provinces will in most cases require authority from their legislatures. Procedures in operation have not yet been established. The bill contemplates regulations by the governor in council which will prescribe the type of projects and the conditions under which they may be arranged.

I will now suggest a few types of arrangements which might be undertaken by the dominion and a province.

In certain areas of the country there are builders and other individuals who are anxious to build houses but who cannot do so because serviced land is not available. The municipalities are pressed in financing other services within their boundaries, and do not feel that at this time they can undertake the capital financing of servicing new areas of land. Therefore authority is being sought to enable the dominion and the provinces to take ownership of tracts of land in fringe areas, and with the co-operation of the municipality, see to the installation of services. The land will be purchased jointly by the dominion and the province. Services, when installed, will be paid for by the dominion and the province. Builders and other individuals will be able to purchase these lots. In some cases the value of the fully serviced lot will be included in the lending value for National Housing Act purposes so that the cost of the land and the improvements will be paid off over the period of the mortgage. In other cases, it may be preferable for the municipality to assume the improvements, with the new owner paying off the costs of the improvements on a local improvement basis. Under this latter arrangement the municipality issues debentures secured by the annual local improvement taxes.

Another type of dominion-provincial project might be the assembling of land as just described, together with the erection of houses for sale. There are certain localities in the country where such an arrangement by the two senior governments would be helpful. Land would be assembled and a contract would be awarded for the building of houses. Houses would be sold from the project to individual home owners. To the extent that these home owners financed their purchases under the National Housing Act, the unpaid balance of purchase price would be recovered by the dominion-provincial project, and the long-term mortgage risk would be assumed under the National Housing Act.

Transactions such as this might give the appearance that the governments were taking the place of house builders. To the extent of a managerial position, this would be true. However, in practically every municipality in Canada the same men are going to build the houses, whether they are being built on the home owner's account, on their own account as a speculative builder, or for the account of the dominion-provincial project. We wish to avoid reducing the supply of houses which will be built by individuals for themselves, or by builders on a speculative basis. This is important, but it is even more important that the needs of prospective home owners be met. It is our opinion that in certain areas a sufficient volume of housing for prospective home owners can be achieved only by direct support of a dominion-provincial project.

As a modification of this arrangement, the dominion and the province might assemble serviced land and arrange for builders to build houses on a speculative basis with the proviso, borrowed from the integrated plan, that in the event of non-sale the dominion-provincial project will take the houses over at a price somewhat less than their regular sale price, but rather more than the out-of-pocket costs of the builder.

Another type of project would be the development or redevelopment of centrally located land to provide new rental housing, either on an economic or a subsidized basis. The procedure would be very much the same as in the other examples which I have mentioned. The province, with the co-operation of the municipality, would see to the acquisition of the land, to be paid for 75 per cent by the dominion and 25 per cent by the province. It may be that slum clearance provisions of section 12 of the National Housing Act would be used. After the land had been acquired for redevelopment, the dominion and the province, with the co-operation of the municipality, would determine the type of rental housing which is needed. In certain parts of the country it may be that rental housing can bear economic rents. In other localities an element of subsidy may be necessary. After the rental scale, allowing for the

element of subsidy, has been determined, Central Mortgage will proceed with the construction of the buildings. When complete, the dominion and the province will seek local management in the form of a local housing authority, or such other method as may be mutually agreeable. The matter of local management is emphasized. The policy of the dominion is to reduce, not increase, its direct landlord position. The project, however, will remain in ownership of the dominion and the province. The operating profit or loss will be borne 75 per cent by the dominion and 25 per cent by the province. The annual subsidy will be the amount by which rentals received are less than operating costs of all kinds, including depreciation. These operating losses will be met on an annual basis 75 per cent by the dominion and 25 per cent by the province.

Under our arrangements with the province, provision will be made that the municipality shall receive a payment in lieu of taxes so that houses in the project will provide tax revenue equivalent to taxes received on like houses in the municipality. We feel—and some of the provinces agree with us—that a suitable way to determine these payments in lieu of taxes is to have the municipal board of the province establish a fair level of payment.

Although the costs of these projects will be borne 75 per cent by the dominion and 25 per cent by the province, it may be that the province will feel that some share of the capital costs should be borne by the municipality. This is a matter for determination by the province. Our arrangement will be directly with the province; the municipalities will not be party to the agreement. Any agreement providing for the municipality to assume financial responsibilities will be independent of our arrangements with the provinces.

Dominion-provincial rental projects may take the form of houses in fringe area locations. The principles will be the same as those described for rental projects in central locations.

Our main purpose is to increase the volume of housing. We wish to stimulate, and where necessary, supplement, the supply of housing from present sources. Care will be exercised to ensure that we are not replacing the normal activities of builders. The provinces which have shown an interest in the proposal feel that the joint efforts of both senior governments, in co-operation with the municipalities, will increase the volume of new houses.

Hon. members may wonder how much housing can be expected as a result of this legislation. I can give them no satisfactory answer. It will depend upon the number of provinces participating. It will also depend upon the attitude of the provincial governments toward proposals which they may receive from municipalities and other interested groups. For our part, the federal government will require that the projects be sound, in that they fill a need at a reasonable cost. I am sure that the provinces will adopt the same attitude. As I mentioned in one of my earlier statements, each project must be satisfactory to both the dominion and the province. If a province is of the opinion that projects of the various forms I have described earlier are desirable, the federal government is likely to participate unless very obvious difficulties or deficiencies are present.

We are entering a new field. Techniques have not yet been established. After a few projects have been considered, methods of operation will be more definite than they are at the present time. Techniques and methods will be found to implement the purpose and intent of the arrangement—a co-operative effort by the dominion and the province to improve housing conditions within that province. In this as in all other housing legislation the existence of the legislation and appropriations does not ensure new housing in itself. It is the energy and ingenuity of private endeavour and of federal, provincial and municipal governments working together which will achieve successful results.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, I am sure the house has listened with great interest to the statement made by the Minister of Reconstruction and Supply (Mr. Winters). I believe the house will be glad indeed to concur in his concluding statement, in which he laid emphasis upon the necessity for co-operation on the part of all governments in Canada in their approach to governmental responsibility in respect to housing. One of the criticisms many of us have had to make of this government in times past is that it has not shown that spirit of co-operation; consequently the co-operation between the dominion and the provinces which was so necessary has not previously been available.

I should like in all frankness to say to the minister who has assumed responsibility for this department and the very important subject of housing that he seems to have shown a co-operative attitude in his approach to the other governments in Canada. I believe that approach will be productive of results.

We on this side of the house have said, and we said it times without number in the last parliament, that this problem was so great and had so many aspects to it—I am not now speaking simply of the constitutional and

legal aspects—that co-operation between the dominion government and the provincial governments was an absolute essential. The present minister—and this is a reversal of the previous attitude—has demonstrated a willingness to co-operate. The house will be quick to note the change and to commend the minister.

The house will always be on its guard against a note of complacency in any statement from the government on the subject of housing. We have had so much experience in the last five years with statements made by the present Minister of Trade and Commerce (Mr. Howe), in which it was evident that he was gazing at housing conditions in Canada through rose-coloured glasses, that the house is naturally sceptical, and quite properly so, with regard to any ministerial statements in the matter which sound that note of optimism.

I wish to say, Mr. Speaker, that on the whole I think the minister has been fair in his factual approach to the provisions of the bill and the needs that the government hopes it will meet. There are, however, one or two considerations that are worthy of comment and supplement.

At the outset may I say that I do not intend to repeat or to cover again the ground that I sought to cover in speaking on the housing question at the resolution stage of the measure on October 31. At that time we had an extended discussion of housing conditions in general; today I hope to confine myself to some of the aspects of the minister's statement and of the bill itself which I think ought properly to be commented upon in the debate on second reading. In committee stage later we can expect extended discussion on some of the features of the bill, because hon. members undoubtedly will be seeking much more information with regard to some of its provisions.

The position in which the house finds itself today, as compared with that in which it found itself on October 31 on the resolution stage of the measure, is improved by reason of two factors. In the first place, the minister has tabled the correspondence between the dominion government and the governments of the provinces in the course of their negotiations since last spring with regard to a joint approach to this question. In the second place we have had from the Minister of Finance (Mr. Abbott) a statement of government policy with reference to rent control. The house would be in no position to review the adequacy of this present measure without at least knowing the contents of that correspondence with the provinces, and what the policy of the government is with reference to rent control.

As to rent control—and again I do not intend to repeat what I said on that subject in the house last Tuesday—and the relationship that the statement of the Minister of Finance on that subject bears directly to this question of housing, I shall simply say that the statement will not help in the slightest the efforts that the Minister of Reconstruction and Supply is making to meet the housing problem. I think one is justified in offering a word of sympathy to the Minister of Reconstruction and Supply in having his efforts to improve housing conditions in Canada hamstrung by a statement of policy on rent control of the kind made by the Minister of Finance.

Here you have a most amazing situation—and I am sure it could not exist under any other government than this. One minister is making efforts to improve housing conditions, and another is making declarations of policy which unquestionably will confuse and retard the efforts of the first minister. Surely the time has come, sir, when this government must at least make an attempt to unify its policy with regard to housing in Canada. Surely we have had enough of this situation—of the government speaking with one voice through one minister on one occasion and with another voice through another minister on another occasion, and saying things that are frequently diametrically opposed in result and in policy.

In 1945 we started off with housing responsibilities divided not between two ministers of the crown but among three. Under insistent pressure from the official opposition, the government got round to concentrating housing principally under the then minister of reconstruction, with jurisdiction in respect of the wartime prices and trade board and its orders still residing in the Minister of Finance. When the functions of the wartime prices and trade board today are so greatly concentrated on the subject of rent control, surely the time has come when the simple step must be taken by the government of unifying under one minister all government policy and administration with respect to housing. Surely then we might hopefully look for an end of these contradictory statements and policies.

On the other aspect, as to the information now available to the house through the correspondence between this government and the provincial governments, which has since been tabled, I shall hope at a later stage in my remarks to make some comments.

I made mention of the factual information given by the minister today. He looks for encouragement to construction through the fact that building costs seem to have levelled off. He properly drew attention to the fact

that new housing starts in Canada have shown a reduction—which I will not say is critical but which certainly is disturbing—in the months of June, July and August, the season of the year when the volume of starts should be at its maximum.

While there has been some improvement in the situation in September, I think it is too late in the season now to expect that it will be possible to overcome this diminution in housing starts that occurred in June, July and August. This situation cannot be viewed without great concern. We are glad to see a record of completions, and we shall bear in mind at the same time that many have contributed to that number of completions, among them the government of the province of Ontario through beneficial legislation which became necessary because the dominion government—this government—was so tardy in measuring up to its responsibility. Why did this government not see its responsibility in 1947, as it professes to see its responsibility today, late in 1949?—and so late in 1949, sir, that it is unlikely that any measurable benefit will be available in 1949 from this legislation; the most we can hope for is that it will produce some benefit in the building season of 1950. Think of all the precious time that has been lost, when the way was being pointed out to the government!

Central Mortgage and Housing Corporation, in its last quarterly-issued report, has some comments that may well be considered at this time. I refer to "Housing in Canada", and the last available quarterly report is the one bearing the date of July. The report opens on page 9 with this statement:

> During the first six months of 1949, for the first time since the end of the war the rate of new families formed in Canada showed a significant decline. This is indicated by a drop of 10 per cent in the number of marriages, from 50,000 during the first six months of 1948 to 45,000 during the corresponding period of 1949. Immigration of married families, births and deaths changed little as compared with the same period of 1948. The reduction in the number of new families formed will tend to lessen the added pressure exerted on the housing market from this source.

I comment upon that to urge that the government ought not to lay too much stress upon that factor, because it would be highly dangerous at this stage of the development of housing programs for any thought to creep into the minds of those responsible for government administration in the field of housing that the pressure has diminished. I believe the minister was frank in his statement this morning when he intimated that no appreciable reduction is yet being made in this tremendous backlog of housing needs in Canada. This is no time for relaxation. If there is any evidence of a reduction in the family formation rate; if there is a reduction in immigration this year, as there has been, then certainly this is the time for the government, in association with other agencies interested in the building of houses, to put forward all pressure toward making a substantial dent in that formidable backlog, which represents a great burden of hardship to hundreds of thousands of Canadians.

The report lays further emphasis upon the decline in starts, which I have already noted. A significant sentence appears at page 9 of the report:

> If the trend of decline in starts apparent for June and July of 1949 continues it may mean that an immediate post-war peak in starts has been reached in the second quarter of 1949.

In the face of the critical conditions still prevailing in Canada, we dare not accept a situation in which we look back and see, in the condition that obtained some five months ago, the peak in housing construction in Canada since the war. That would be an intolerable situation. Surely this is the time when every effort should be made to build toward new peaks in housing construction. If the minister will dedicate his considerable talents and his commendable good will in that direction, I am sure the house will applaud his efforts and will give him credit when credit is due.

Looking at other fields of government endeavour, I believe it would be well to offer a word of caution in respect to some of the statements which have fallen so freely in recent days from ministers of the crown. On the subject of veterans' rental housing, one reads at page 11 of the same report:

> Starts of rental housing units for veterans under the Central Mortgage and Housing Corporation dropped from 2,300 during the first half of 1948 to 1,500 in the same period of 1949.

And, sir, to those who listened to the statement made in recent days by the Minister of National Defence (Mr. Claxton) as to the way in which his department has been mustering its forces behind the provision of housing for married men in the services, one notes with considerable interest another sentence appearing at page 11 of the report. It has reference to construction operations in 1949 under the armed services housing program of the Department of National Defence. As hon. members are aware, that program was carried on through Central Mortgage and Housing Corporation. The sentence is:

> No starts were made in the first half of 1949.

How does this measure up alongside the statements made by the government in recent days about the tremendous efforts they have

been putting behind the housing construction program for the benefit of married personnel in the armed forces?

Then, sir, as having a bearing on the question as to the principal source of effort behind the house-building program in Canada—and I affirm it still must be the private builders—the house will be interested in a statistical table appearing at page 27 of the report. There are three figures dealing with the first six months in each of the three past years, and these figures have a direct bearing on the subject.

The first deals with direct government housing, that is to say, housing built and owned by the government or a government agency. In the first six months of 1947 the figure was 1,800; for the same period in 1948 it was 3,240, and for the first six months of 1949 it was 1,626—not a formidable figure indeed, and one which shows a substantial reduction from the first six months of 1948.

Turning to the broader subject of total government-assisted housing, which includes not only the figures I have already mentioned but also all forms of government assistance to housing, including loans under part I of the National Housing Act, we find that in the whole of 1947 the figure was 20,540; in 1948 the figure for the whole year was 29,348, while in the first half of 1949 it was 11,768. The figure for the first six months of 1949 is approximately the same as that for the first six months of 1948. Therefore we do not see any appreciable advance being made in the total number of units constructed with government assistance this year, as compared with last year.

I believe a percentage comparison would be of interest. The total of government-assisted housing in the whole of 1947 as compared with the total housing constructed in Canada gives a figure of 28 per cent. In the whole of 1948 it was 33 per cent, and in the first half of 1949 the figure is 29 per cent. This shows a slight reduction in percentage, for the first half of this year as compared with the first half of last year, in housing to which the government has contributed in any form compared with the total of housing constructed.

If one compares the total of government-built housing, or direct government housing, with the total of houses built we find that in 1947 the total of government-built housing was only 9½ per cent of the total number of houses built in Canada. In 1948 it was 11 per cent, and in the first half of 1949 had dropped to 4 per cent.

One other figure which has great statistical importance is the number of houses in the construction of which the Ontario government has assisted by means of second mortgages. I shall have a word to say about that in a moment.

The minister has indicated that this bill has four major provisions. The first is the reduction in the down payment. The house will be glad to see this provision introduced into the legislation, regretting at the same time that the government has been so slow to follow the good example of the government of the province of Ontario.

Here is the other statistical figure that I wish to give the house. Since the Ontario government in 1948, one and a half years ago, instituted the plan of government second mortgages to bridge the gap between the cost of construction and the available loan on first mortgage under the National Housing Act, or by straight private loan, the number of houses that have been so assisted now totals 10,000. That, sir, is a formidable accomplishment on the part of the government of the province of Ontario. I hope that the minister and the house will be fair enough to acknowledge that, having regard to the figures which were quoted this morning, showing completions of houses in Canada, the efforts of the government of the province of Ontario in this field ought to be recognized. Not only that, sir, but the fact that in the province in one and one half years those who are constructing houses needed this form of assistance to the number of 10,000 establishes conclusively the great need that exists throughout the whole of Canada today for legislation of this kind. The house welcomes it at long last, but regrets that one and a half precious years were lost while this government was sleeping soundly and blinding itself to a useful and constructive example that was offered to it by the government of the province of Ontario.

I pass over, for the moment, the second main provision of the legislation, and take the third, which is an increase in the maximum available for home improvement and home extension. The house will be glad to provide anything in this sphere that will be put to work by the government to improve housing conditions in Canada. The house has never been niggardly or penny-pinching in its approach to this question. It has pleaded with the government for action, and it has furnished the government at all times in this critical post-war period with every tool and weapon that the government asked for to meet the needs of Canadians who lack housing and who have been living under substandard conditions. If the government will use additional money in this way for

improving housing conditions, there will be no cavilling on the part of any hon. member about making sums available for these purposes if the government will put them to work.

The fourth provision relates to changes made in the co-operative housing sections of the act to meet particular needs in this field, as the government sees them, in three provinces in which co-operative housing is a factor. Again I say this: While there will be something to be said in committee, on this part of the bill in general I am sure the house will grant any request the government makes that will have in it any promise of bringing about an increase in the construction of houses in Canada, or an improvement in housing conditions, but will wish to be sure that the legislation will be put to work.

I come now, sir, to the second principle that the minister emphasized. It has to do with the joint efforts on the part of the dominion and the provinces in several fields of endeavour.

When the minister visited and conferred with the governments of the provinces during the late summer and early fall, there were three subjects that came particularly to the fore. They are referred to in the minister's letter of September 13. I have in mind now particularly his letter to the premier of the province of Ontario, although a letter in almost identical terms was written by the minister on that same day to the premiers of all the provinces. In the second paragraph of the letter the minister said:

> In general, I believe the provinces feel that the proposals already discussed with you are reasonable, and the dominion is prepared to proceed along these lines. Therefore on or about the 20th September I propose to make a statement in the House of Commons that the government intends to introduce legislation—

We come now, sir to the three features of the proposals:

> —to enable the dominion to enter into agreements with the provinces for publicly assisted housing projects. These projects may take the form of the assembly of land and services to enable an increased volume of housing by private builders. They may take the form of the dominion and province proceeding with moderate priced houses for sale to home owners. They may also take the form of rental projects, in which event the dominion and the province will seek local management for the project after it is completed.

The minister goes on to comment on these three features. May I, in the hope of clarification, sir, emphasize what these three proposals are, the three projects that were discussed? The first is assistance in the assembly of land and services to enable an increased volume of housing by private builders. The second is assistance for home owners to proceed with moderately priced houses—that is, house construction; and the third, rental projects with local management.

This is the observation that the minister made on the reactions of the governments of the ten provinces after his personal consultation with them:

> We found that the other provinces agreed with you in favouring the first two forms of project.

Now, sir, as to the second, namely, the assistance in the construction of moderately priced houses for sale to home owners, I take it that the first feature of the bill is the one that is designed to carry out that undertaking by increasing by one-sixth the loans at present available under part I of the National Housing Act. The area, therefore, within which the second feature of the present bill will have operation, I assume, will be with respect to projects of the other two kinds mentioned by the minister in his letter—first, the assembly of land and services to enable an increased volume of housing by private builders, and the second, the rental projects.

I take it, sir, there will be no quarrel—

Mr. Winters: Just by way of clarification, I may say that part of the agreement between the provinces envisages the building of houses which may be put into sales position as well.

Mr. Fleming: I assume there will be further clarification of that subject, perhaps when in committee we come to the particular section of the bill in which the enabling powers are proposed to be vested in the government.

The features that I have been referring to particularly, sir, are worthy of one or two further comments. I think the minister still needs to give the house further clarification of government policy with respect to rental projects, because in times past there has been the greatest variety of government statements on this subject. For years we have seen the government imposing upon municipalities the obligation to contribute subsidies. Those that wanted housing constructed by Wartime Housing Limited or the Central Mortgage and Housing Corporation were called upon to contribute subsidies in the form of serviced land and the acceptance, in lieu of taxes, of grants that usually were only a fraction of the taxes that the same property would have borne had it been in private hands. Let me remind the house of the statement made by the Prime Minister (Mr. St. Laurent) on October 27, 1947, when he said in Montreal:

> No government of which I am a part will ever pass legislation for subsidized housing.

I cannot square the statement made by the Prime Minister at that time with the statements which the Minister of Reconstruction

and Supply has been making in the house during the present session. If the government has abandoned the position taken by the Prime Minister; if the Prime Minister has now changed his mind and is prepared not only to be a member of but to lead a government that will pass legislation for subsidized housing, then in the name of common sense let him come forward and say so. Let him not continue to leave the house in a condition of perplexity as to just what the government's position is with reference to subsidized housing.

The Minister of Reconstruction and Supply is chary about using the word "subsidized", possibly because of remarks such as those made in the past by the Prime Minister. The Minister of Reconstruction and Supply talks about low rental housing. To most people low rental housing carries with it the connotation of assistance, subsidy. A subsidy may take various forms; nevertheless it is a form of assistance. I ask the government to come clean on this subject; I ask the minister really to tell the house where the government stands on the subject of subsidized housing. When they talk of assistance for low rental projects, do they mean subsidized housing? Let us have some clarification of that point.

The minister initiated his approach to this subject, and the negotiations and consultations with the governments of the provinces, by the writing of a letter to the Prime Minister on February 23, in which he dealt with statements made by the Prime Minister on the occasion of his then recent visit to Toronto. At that time the Prime Minister had had the instructive experience of seeing under construction in Toronto what is known as the Regent Park housing project, a project that was made possible by action on the part of the municipal, provincial and federal governments. On that occasion the Prime Minister was good enough to commend it in the most generous terms. His description of it was that it was a landmark in housing in Canada. This project was made possible by reason of the leadership given by the municipal government and citizens of the city of Toronto, together with the effective co-operation of the provincial government. The contribution of the dominion government was confined to a contribution toward the acquisition of land under section 12 of the act.

I take it that such measures have the approval of the government. I wish to know how far the government is prepared to go in encouraging other municipalities to adopt similar measures. I wish to know whether the federal government is prepared to use the powers that it seeks in this bill to put drive and vigour behind measures of that kind in order to give assistance to municipalities which in many cases are ready to proceed with needed projects if they are not going to be left holding the bag.

The Prime Minister is quoted by the Minister of Reconstruction and Supply in his letter as making such statements as these in his speech in Toronto:

> While we hope that as much of our new housing as possible can be provided through private and local enterprise, we recognize that privately initiated housing may have to be supplemented and stimulated by even further government support for low rental housing.

The Minister of Reconstruction and Supply, commenting on that statement of the Prime Minister, says in his letter to him:

> Moreover there is likely to be a falling off in the demand for houses for purchase and an increase in the demand for rental units, both for veterans and civilians. There is ample indication of this already, and it is anticipated the trend will increase as the growth of economic activity levels off.

That was a word of warning to the Prime Minister by the Minister of Reconstruction and Supply. Then there is a further quotation from the Prime Minister's speech as follows:

> We realize that the magnitude of the problem of providing low rental housing is such that it will be solved only as a result of active co-operation of all governments.

Active co-operation on the part of all provincial governments is plainly assured. There can be no question left in the mind of anyone reading the correspondence exchanged between the minister and the governments of the provinces that all the provincial governments are prepared to co-operate to the limit in measures of joint government concern to meet Canada's still critical housing needs. I hope the minister will be utterly and completely frank with the house on this subject. Again I ask, what does the government mean when it talks about low rental housing projects? Does it mean subsidized housing? If so, will the minister indicate whether there are any limits to the type of the subsidy that the government proposes to make available?

I think the minister is deserving of commendation for his emphasis upon the need for local management. From the outset of studies of housing needs in Canada, it has been apparent all through the years that wherever measures of government-assisted housing require to be instituted, the emphasis must always be laid upon management at the local level, and I think the house will undoubtedly approve that proposal. By vigilant local management I hope we shall avoid some of the mistakes that were made in times past. We do not wish to see a repetition of the kind of tragic fiasco that was perpetrated by the government in some of the housing projects that were exposed in the public

accounts committee of 1947; tragic housing fiascos under the Veterans Land Act, which were directly the responsibility of the government, in regard to such projects as those at Sarnia and elsewhere which were investigated by the committee that year. We want no more of that. We want to see management, at every turn, kept as close as possible to the local level. Then we shall be sure that local public opinion will be so mustered and marshalled that tragic fiascos of that kind will not be repeated, and it will be possible to see to it that the buildings that have been constructed receive proper upkeep.

We do not want to see housing, such as was constructed by Wartime Housing during the war, fall into disrepair. We do not want to see such housing become a blot on local municipalities which are trying to improve their appearance and their local conditions through planning their development. There must be co-operation, and, in my humble submission, management at the local level will do more than anything else to bring about that vigilance which will prevent similar situations in the future.

I am sure the house welcomed the statement made by the minister this morning for its reassurance on one point, after the disappointing statement of the Minister of Finance yesterday in regard to federal assistance to municipalities. Following that statement yesterday, many of us wondered if it represented the extent to which the government was prepared to accept a tax liability, or to make payments in lieu of taxes, on housing constructed by the federal government or any of its agencies under programs such as the minister has described today. If the statement of the Minister of Finance, a statement as lengthy as it was confusing and disappointing, had been taken at its face value, we could have assumed that only some municipalities would receive payments in lieu of taxes on government housing. But the minister seems to have made it reasonably clear, by the statement he made at page 1318 of *Hansard*, that with respect to all housing built under this program the government will pay taxes equivalent to those the houses would bear if they were in private hands.

The statement by the minister at page 1318 of *Hansard* was as follows:

> As I stated on September 21, we will pay grants in lieu of taxes on the basis of the normal level of taxes in the particular municipality, subject to approval by the provincial department of municipal affairs or the equivalent department.

I take it that what the minister has said today reinforces that statement, because that is a question of prime importance in this whole matter. It would be of little help to these municipalities, many of whom are in no position to undertake the expenditures required to service further blocks of land for house construction, to say to them: We and the provincial government will contribute to the cost of servicing, but we are not going to improve the basis of payments in lieu of taxes made hitherto by government agencies. In the past such government agencies as Wartime Housing Limited and Central Mortgage and Housing Corporation have not been making payments equivalent to the taxes these properties would have borne had they been in private hands. In some cases in the larger cities the payments made by these dominion government agencies have been little more than one-third. In other municipalities the percentage may have worked out at a higher proportion; but in general one may say that those payments in lieu of taxes have not even approached the taxes those properties would have borne had they been in private hands.

It is quite clear in the correspondence that the provinces have interpreted the views of the government as I, for one, am interpreting the statement of the minister; that is, that the policy which has prevailed hitherto will not hereafter be followed but that a new policy will be instituted under which payments will be made by these government agencies in lieu of taxes which will be equivalent to the tax payments the same houses would bear if they were in private hands. If there is any thought on the part of the government of withdrawing in any degree from that position, I ask the minister in all frankness to declare it before this debate concludes, because it is a matter of fundamental importance to the success of this whole project.

The statement of the minister was lacking in one respect. I think most hon. members looked for something to be said in regard to plans for pressing research. Today the minister did not say anything about the very important subject of research. I hope that before the debate concludes the minister will take it upon himself to give the house some wholesome assurance that effort will not be spared in pressing on with enterprises of research.

The minister made reference to the importance of at least stabilizing house construction costs, and lowering them if possible. Certainly a lowering in the cost of construction, if it did not mean sacrifices in other respects, such as economic activity in different quarters, undoubtedly would be of great assistance in stimulating the construction of houses in Canada. In the face of certain existing factors, with the continued scarcity of many building materials, it may be unreasonable to expect any noticeable reduction in building costs in the near future.

It seems to me this points up the necessity of taking advantage of every opportunity, through research, of developing improved methods of construction and lowering those costs, and I hope the minister will give the house some reassurance on this question, because of its great importance.

Now, sir, I come to my concluding thought. The minister has quite properly said that this bill is general in form and enabling in character. In one respect that can be a strength; in other respects it can be a great weakness. So far as the strength is concerned, I think the house will wish to see a flexible approach to this question. The house will not quarrel with the minister's insistence upon flexibility, and will endorse every syllable the minister uttered when he said he thought we should use every approach; those were his words, and they are commendable. There can be no thought of forcing any province to embark upon a particular type of approach to a solution to the housing problem. There must be co-operation; there must be no attempt at compulsion. It may be that projects in different parts of the country will assume different forms. It is more than likely, it seems to me, that projects in our large urban centres, where housing conditions are so acute today, will not take the same form as those initiated under this dominion-provincial co-operative effort in other areas. So much for the desirability of flexibility.

But, sir, when the minister says that this bill is enabling in character, it brings directly before this house two points of the highest importance. The first is this: What is to be the responsibility of parliament in this respect? Is it enough for parliament simply to clothe the government with very wide powers? I submit that this is not enough. Parliament does not discharge its responsibility simply by giving the government wide powers. Parliament must accept its responsibility to see that the powers given to the government are used for purposes that parliament will approve. How does parliament satisfy itself that these measures will be used resolutely, effectively, vigorously and insistently in coping with housing conditions in Canada? At this stage we simply have the assurance of the minister. Again I do not wish to embarrass him, but I think he has a very high standing among all parties in this house. I think all parties in this house will give him every assistance within their power, both in writing legislation and in putting forward proposals as to ways in which this legislation can be used for the purposes for which parliament intends it. But sir, at the moment, we have only a statement from the minister. The house will have to assume the serious responsibility of maintaining vigilance to ensure that these powers are used effectively as parliament intends them to be used.

In times past, this house has clothed the government with powers which the government sought. It is fair to say there never has been any disposition on the part of the house to deny this government any power it requested which promised any contribution whatever to an improvement in housing conditions in any part of Canada. The attitude of the house has always been to push the government forward, not to hold it back. I believe that is the position of the house today, sir—that we are pressing the government to go forward. We will never hold the government back.

Mr. Knowles: Will the hon. member permit a question? Does he recall that on May 20, 1948, when there was a proposal before the house in the form of a motion requesting the government to consider subsidized low rental housing, the hon. member and his party voted against it? Surely that is not pushing the government forward; that is holding it back.

Mr. Fleming: The hon. member seems to be directing that question to me. If he will look up what I said on that occasion before the vote was taken, he will see the reason I gave was that no party could undertake to commit itself to a bald statement of that kind without knowing what was involved in it. A party would have to know what were to be the responsibilities of the governments at various levels; what was to be the nature of the various forms of construction that may be undertaken. Anyone who has made a study of public housing measures in various countries knows that there has been a variety of approaches. To take one of these socialist tidbits dangled in front of the house and say you must swallow it whole is something that no self-respecting party, apart from our socialist friends, is going to do.

Mr. Knowles: You took the same position as the Prime Minister took, and yet you condemn him.

Mr. Fleming: The Prime Minister will have to answer for himself.

Mr. Knowles: And you, too.

Mr. Fleming: I have answered for myself, and my statement is on the record. I am quite prepared to repeat that statement and take the same position today. If the hon. member wants information on the subject, and the house will recognize his need of it, certainly that information is available to him in an official statement this party made during the election campaign. Our position has been made clear before the whole of the people of Canada.

What is more, this party does not simply ask the people of Canada to accept statements. We point to the record of the government of the province of Ontario, which has done more in the field of housing than any other government in Canada. If one desires a signpost to point the way to effective measures to grapple with housing conditions in Canada, then I commend to him the legislation adopted by the legislature of the province of Ontario under the leadership of my leader.

Mr. Gillis: Why is Ontario so short of housing today?

Mr. Fleming: Because of conditions for which the federal government is principally responsible. During those years the government controlled all forms of construction materials, and those controls are still in effect in some form or other. In the face of all these powers, with unlimited resources, huge budget surpluses and revenue flowing into the treasury, Ottawa's policy created these substantial influxes of population into the populated centres of Ontario, where so many of the factories engaged in war production were concentrated. It is quite clear that the shortage of housing was the result of conditions arising out of the policies of the federal government. I do not condemn all those policies; nevertheless it was the policies of the federal government that were principally responsible for the creation of those conditions in Ontario.

It was the government of the province of Ontario, and action on the part of municipalities in the province of Ontario, that were largely responsible for the effective measures taken to meet the conditions in that province. For the information of my friend, I repeat that since the enactments of 1948 in the legislature of Ontario, under the government then headed by my leader, 10,000 houses have been constructed. Their construction was made possible by one feature of that legislation, and that is the provision of money on second mortgage. The government of the province of Ontario led the way and showed an example to this government which it has been slow to follow.

Mr. Gillis: Has not the legislation which the hon. member refers to been withdrawn?

Mr. Fleming: The legislation has not been withdrawn; it is still on the statute book. My friend is referring to a statement made yesterday by the premier of Ontario, which was fully expected, that when this bill comes into effect to provide, as it will, an increase of one-sixth in the present loans, there will be no occasion to continue after December 31 that one feature in the legislation of the province of Ontario. But sir, that was one feature out of four leading features of the housing legislation introduced in Ontario, and the other three remain.

At the commencement of my remarks I promised I was not going to repeat the speech I made in this house on October 31. Since my friend has asked me a question I shall, modestly and respectfully, refer him to the speech I made on that occasion, in which I reviewed in detail those beneficial measures. By the enactment of that legislation in Ontario, leadership was given in helping to solve this problem. We have been waiting a long time for leadership from the government benches opposite. If we can see any sign of leadership now, we will applaud it and back it up. If the leadership is not forthcoming, then the government can expect everything that opposition members can do by way of exposing the shortcomings of the administration.

I would have completed my remarks sooner, sir, but for these last few questions. I am not suggesting for a moment that I disliked the questions.

Mr. Knowles: They made your speech interesting.

Mr. Fleming: They may have accomplished something new in that respect.

I laid stress upon the nature of the bill, that it was enabling legislation. I was emphasizing the importance of the responsibility resting upon this house to see to it that that enabling legislation is used for the purposes for which parliament considers it is enacting it. Effective supervision cannot be undertaken under the procedures available in the house today. No machinery exists that will enable the house to give effective supervision to the government's administration of measures of this kind. I urge again, therefore, that provision be made for the establishment of a committee of this house that will concern itself with frequent review of housing conditions in Canada. Through that means this house could ensure that the government is giving the vigorous prosecution to the efforts which the house is making possible under this legislation and which the house will insist be made.

There is no use in saying that these questions can be discussed on the estimates. Discussion on the estimates is the clumsiest vehicle imaginable for reviewing housing conditions. The house has to be on top of this housing situation, and it cannot be unless there is machinery available, such as a committee, before which witnesses, such as the officials of Central Mortgage and Housing Corporation, can be called, thus enabling the

house to keep a constant check upon the government's efforts and the needed progress. It is a reasonable request.

Mr. Ferrie: May I ask the hon. member a question? What percentage of material did you get in Ontario last year?

Mr. Fleming: The hon. gentleman flatters me if he thinks that I carry in my head figures such as that. I shall be glad to assist him in getting the information, if he wants it. The information is available. I do not profess to be able to give the answer offhand. I will tell him this, however: If he will review some of the reports of Central Mortgage and Housing Corporation he will find that, while progress has been made in the production of some building materials, there is still reason for much concern over the shortage of other building materials. I wish the hon. member had been in this house to see the fight that we in the official opposition have had to make against apathy, inertia and lack of information on the part of the government with reference to such a simple building need as nails.

Mr. Ferrie: I should like to ask the hon. member—

Mr. Fleming: We were given assurances about the great profusion of nails in the country at a time when you could not lay your hand on a new steel nail anywhere. To hear the present Minister of Trade and Commerce talk at that time, you would think that the country was full of nails. That was just how far this government was removed from reality.

Mr. Ferrie: May I ask the hon. member this question? How did you build 10,000 houses if you could not get nails? We could not get nails in western Canada for love or money, but you could get them in Ontario.

Mr. Fleming: I can assure the hon. member that those 10,000 houses were built as a result of diligent effort on the part of builders who used their opportunities under the free enterprise system,—

Mr. Ferrie: Everything for Ontario.

Mr. Fleming: —to the extent that their efforts were not hamstrung by government red tape. Moreover, if the hon. member thinks that Ontario was relatively better supplied than other provinces with nails and other building materials, then he has been misinformed; because the point where the critical shortage of nails and other building commodities was most acutely felt, relatively —and when I say relatively, I mean in relation to the need—was in Ontario.

[Mr. Fleming.]

Mr. Ferrie: You did not answer the question. How did you build 10,000 houses if you could not get nails?

Mr. Speaker: Order.

Mr. Fleming: They were built in Ontario; and more houses would have been built if more building materials had been available, and if the efforts of those who were engaged in producing building materials, in distributing them and using them in construction, had not been hamstrung and hampered by the government that the hon. member was elected to support.

Mr. Knowles: And if you had not voted against subsidized low rental housing.

Mr. Speaker: Order.

Mr. Fleming: I am willing to stay with this, Mr. Speaker, as long as the hon. member for Winnipeg North Centre (Mr. Knowles) continues to contribute such utterly foolish and inane remarks.

Mr. Knowles: I suggest, Mr. Speaker, that upon reflection, the hon. gentleman would not like to have that remark stay to his credit. He will remember that on that occasion to which I referred—

Mr. Fleming: Is this a question?

Mr. Knowles: A question of privilege. He will remember that on the occasion to which I referred, the former member for Parkdale, Mr. Timmins, and others asked for subsidized low rental housing; and it was after we moved the amendment, calling for the very thing that he had asked for, that my hon. friend and his friends were embarrassed and then voted against the very thing they had asked for.

Mr. Fleming: Can you imagine, Mr. Speaker, a more spurious point of privilege? The hon. member did not have any point of privilege at all. He just wanted to get up and contribute his two cents' worth by way of interjection—not that his two cents' worth is worth answering. If he is open to be told anything, I will tell him this.

Mr. Knowles: Come on. I am all ears.

An hon. Member: One o'clock.

Mr. Fleming: On that occasion I had no intention, nor have I today, nor, I am quite sure, has the responsible party to which I am proud to belong, of swallowing, hook, line and sinker, one of these coy little formulas of about six words such as was dangled before the house by the socialists in that amendment.

Mr. Knowles: Such as you asked for.

Mr. Fleming: Had we been foolish enough to fall into their trap, they could have put any interpretation whatsoever that pleased them upon our adherence to their amendment. We are a responsible party. We do not put forward irresponsible amendments, and we do not subscribe to irresponsible amendments put forward by parties that perhaps do not view their responsibilities in quite the same light as we do.

Mr. Knowles: I hope not.

Mr. Fleming: We are not going to be taking jumps in the dark simply to satisfy the egotism of our socialist friends in drafting these cute amendments with tidbits hung on the end of them. If the hon. member wishes to be fair in giving the house information, he will read to the house the amendment put forward by the Progressive Conservative party in that same debate, on the same motion, and he will see there a constructive proposal for joint action on the part of the various governments in this country, at their respective levels, and especially with a view to providing government-assisted housing for those who have first claim upon it, namely, the veterans of Canada. If the hon. member wishes to treat the house with frankness instead of interjecting spurious points of privilege, and lop-sided and unfair interpretations, I think it is high time for him to change his tactics and give the house the whole story, not his carefully selected portion of it.

Mr. Knowles: He will.

An hon. Member: One o'clock.

Mr. Fleming: If hon. members will permit me, I should like to conclude my remarks. I had hoped to finish before this.

Mr. Knowles: You were finished long ago.

Mr. Speaker: Order.

Mr. Fleming: There is more of it, Mr. Speaker. You can see who is responsible for the length of these remarks.

This is my concluding plea. I hope that the government will agree to let the house establish workable machinery under which parliament will have an opportunity of seeing that the government does carry forward this housing program with such drive, vigour and energy as the house certainly will demand of it.

At one o'clock the house took recess.

The house resumed at three o'clock.

Mr. J. W. Noseworthy (York South): Mr. Speaker, in order that the readers of *Hansard* may be able to appreciate more fully the consistency of my good friends of the Progressive Conservative party, I should like for a moment to refer back to a little argument that developed in the house just before one o'clock between the hon. member for Eglinton (Mr. Fleming) and the hon. member for Winnipeg North Centre (Mr. Knowles).

That argument arose over a vote in the house on a C.C.F. amendment to a bill amending the National Housing Act in May of 1948. At some length this morning the hon. member for Eglinton gave his explanation for the action taken by his party in the vote on that amendment. Incidentally he described the amendment as tricky, and a socialistic tidbit. What are the facts as recorded in *Hansard*?

They are these. During the course of the debate several members on the Progressive Conservative benches, along with a number of C.C.F. members, argued that the government should make provision in that bill for subsidized low-rental housing. I have read a number of those speeches, and so far as I can discover both Progressive Conservative and C.C.F. members in that debate spoke almost the same language on the subject, and discussed subsidized low-rental housing in almost the same terms.

After the Progressive Conservative amendment to the bill had been ruled out of order, the C.C.F. moved an amendment on May 5, 1948, as recorded at page 3644 of *Hansard*—no, I should say it was moved on May 19 and is recorded at page 4164 of *Hansard*.

Mr. Fraser: We can see who wrote the speech for him.

Mr. Noseworthy: The amendment stated:

> That Bill No. 280 be not now read a second time but that it be resolved that in the opinion of this house the government should give consideration to providing subsidized low-rental housing.

I should like to read into the record a statement made during that debate by a member of the Progressive Conservative party who, among others, spoke in favour of subsidized housing. This is the quotation from a speech delivered on May 5 by the then member for Vancouver-Burrard, Mr. Merritt, as recorded at page 3644 of *Hansard*:

> I believe that the basic reason for the change in the government's attitude is that it has refused to enter the field of subsidized low-rental housing for those in the low-income group. The minister knows it is not possible to provide rental housing at rents which those in the low-income group can afford to pay, unless this type of housing is subsidized.

And a little later he said:

> I say to him—

—and he was speaking to the minister—

> —that this is the time to face up to the problem of subsidized low-rental housing.

And a little later:

> There is nothing necessarily socialistic about subsidizing housing for the low-income groups. The Secretary of State for External Affairs and no other minister need ever worry about that. Subsidized housing for those with low incomes was introduced in Great Britain in 1920 by a Conservative government, and it has been in operation, and in useful operation, in the United States of America since 1938 or thereabouts.

Those sentiments are expressed in language very similar to that used by C.C.F. members and others in the house over the years. Then came the vote on the amendment, and every Progressive Conservative member who remained in the house for the vote, including the hon. member for Eglinton, voted against it—I presume on the ground set forth this morning by the hon. member.

I submit that was not a tricky amendment. It was not a socialistic tidbit. It was as straightforward as any amendment moved by a private member on that particular bill could possibly have been. It was surprising therefore to find Progressive Conservative members voting as they did. Readers of *Hansard* will have to judge for themselves and reach their own conclusions. I submit however that Progressive Conservatives are in favour of subsidized low-rental housing, provided the measure is brought in by their own party. They appear to be so befuddled by their capitalistic free-enterprise thinking that they cannot even recognize something for which they themselves have asked when it is introduced by a member of the C.C.F.

I should like to make one further comment, since the hon. member for Eglinton chose to introduce provincial politics into the debate, just in case other hon. members from other provinces may gather from his grandiloquent expression of achievements of the Conservative government of Ontario that we have no housing problem in Ontario. Let me assure the house that, notwithstanding the fact that since 1943 we have had a Conservative government in Ontario, the housing situation in that province is just as acute as it is anywhere else in Canada. I believe I can say that the sole effective step taken by that government from 1943 to the present time to relieve the housing situation there has been the provision of second mortgage money to the purchasers of homes where the security was not sufficient to warrant their friends, the mortgage bankers and trust companies, to risk their money.

I will admit that householders who otherwise would not have been able to purchase homes have been placed in a position where they could purchase them—but those purchases have been made by tying around their necks another millstone in the form of second mortgages, a condition which may well lead in the near future to a repetition of what happened in the thirties, when tens of thousands of home owners lost their homes and their investments, and when those same mortgage bankers and trust companies reaped a bonanza in the form of repossessed housing.

We have before us today the 1949 edition of the Liberal government's housing plan. As you know, sir, there was also the 1945 edition. That is the edition which was publicized during the election campaign in the spring of 1945. Hon. members opposite will undoubtedly recognize this little pamphlet which was prepared under the auspices of the national Liberal federation, Ottawa, and printed in Winnipeg. It is called, "New Housing Plan of the Liberal Government". It was new in the spring of 1945. It calls for the building of a new social order in Canada. A fine new building plan for Canada is pictured. On the front page is depicted a man holding a model of a house that was to be built for $3,000, and was to be purchased at $13.82 a month, plus municipal taxes. There was a cheaper house as well, one at $2,000, which was to be available at $9.58 a month. On the inside we are told how it works and what it means. We find this choice bit:

> This plan means more and better homes for hundreds of thousands of families. It means closing the present gap between our housing needs and the number of homes available.

On page 3 we are told that the low-cost home ownership is just part of the housing plan. It says:

> Legislation—

I do not know where the legislation was. This pamphlet told the electors in 1945:

> Legislation also provides for low-rental housing.

There were to be houses for rent. There was to be slum clearance. There was to be a large-scale housing development. There were to be houses for farm families, houses for returned men, and there was to be a department of the government set up for development and research, and all this for $9.58 a month, and yet some people talk about the C.C.F. making promises and talking about pie-in-the-sky. I suggest that no Canadian citizen has ever been able to eat pie under the roof of any of these houses that had been built by the Liberal government since 1945 at either $9.58 or $13.82 a month.

When we begin to come to grips with this housing problem, sir, the first fact that confronts us is the shortage of houses. Notwithstanding what the hon. member for Eglinton (Mr. Fleming) says the Conservative government in Ontario has done, notwithstanding all the glowing promises of the Liberal party in 1945 and again in 1949 there is still a tragic shortage of houses. The 100,000 units

which it is expected will be built this year will barely take care of this year's new requirements.

A report on the housing problem by the Canadian federation of mayors and municipalities estimates that today throughout Canada there are 300,000 more household groups than there are individual residential units. They go on to say that there is another 300,000 units still being occupied which, by modern standards of what constitutes good housing, should long since have been demolished.

Our present rate of housing, high as it may be compared with past years, is just not catching up on that backlog of 300,000 houses needed if our people are to find any kind of house, apart from providing replacements for the 300,000 no longer fit for human habitation. That is the first fact confronting us. At the present time we need 300,000 houses to provide any kind of homes for our people and another 300,000 to replace dilapidated houses that are now occupied.

The second fact is that the policy we have been following has, in effect, resulted in over-building for certain economic groups and under-building for others, and these others are those whose need is most acute, and who are unable to afford the rent or purchase price at the prevailing high construction costs. For this class, notwithstanding all the lavish promises we have had from the Liberal party since 1945, we are as yet building no houses at all. That is the second fact to be considered.

The third fact to be considered is that with the demand for housing at the prevailing high cost already beginning to fall off it is not reasonable to expect private building to go on creating a surplus big enough to provide any housing for low-income families. There again the federation of mayors points out in their report that lending institutions will no longer keep on financing projects for which there is no ready market. With these facts in mind it becomes self-evident that any housing bill which will adequately meet the need must do one or both of two things. First, it must provide for the building of houses at a price where the monthly purchase price or the economic rent comes within the ability of middle- and low-income groups to purchase or rent.

Second, it must provide a rental subsidy of at least $20 a month and build a minimum of 12,000 houses a year on that monthly rental subsidy basis for the next ten years.

I chose the figure 12,000 because the Canadian construction association says that available labour and building material are sufficient at the present time for the building of 12,000 low-rental dwellings a year for ten years, presumably without interfering in any way with our present policy of building high priced houses, as many of them as can be sold, and without interfering with the present policy of permitting the building of theatres, hotels, gasoline stations, beverage rooms, cocktail bars, factories, stores and so forth, that the market can absorb.

Or, third, such a bill must provide for a combination of lower costs and rental subsidies.

Now, sir, let us examine the principles of the bill before us with these points in mind. The bill does contain five provisions that are helpful—helpful to the extent that half a loaf is better than no bread. The first of these provisions is for a second loan which will reduce the down payment. Second, the extension of the amortization period from 25 to 30 years; third, a vague sort of control over the price, since the second mortgage is to be made contingent upon the selling price being reasonable, whatever that may mean.

Then there is a provision for building houses for rent in conjunction with the provinces; and lastly, the extension of national housing assistance to the co-operatives on a more generous scale.

The first and second provisions of the bill are designed to make it easier for the purchaser to make his down payment, and it spreads his payment out over an additional five years because of the increased mortgage. It does nothing whatever to reduce the cost of housing. As I have pointed out already, I fear that the result of the measure may well be, as in the case of Ontario, a repetition in the near future of the situation that faced us in the thirties when home owners, carrying mortgages larger than they were able to pay, lost their homes when they were repossessed by mortgage companies and banks.

One of the major factors in the cost of houses today is the interest charge, and the bill does nothing whatever to reduce it. We hear a great deal about feather bedding by certain groups of people. We hear that bricklayers are feather bedding, that they should lay more bricks, and that the building trade workers are getting too much wages. We do not hear about the feather bedding being done by real estate speculators and mortgage bankers. The biggest feather bed in Canada today is that on which the mortgage bankers are sleeping, and the bill does nothing to reduce the size of that bed.

To illustrate how interest enters into the cost of a house, I want to take the example of a $10,000 dwelling. I take that figure because it represents about the lowest priced house that can be bought in Toronto or the Yorks at the present time. Today $10,000 is the market price of a bungalow with two

bedrooms downstairs, and two unfinished attic rooms. If we take a $10,000 house carrying two mortgages, as provided for in the bill, and I presume bearing interest on both mortgages at 4½ per cent over a period of thirty years, such a house, with a first mortgage to the extent of 80 per cent of the cost, $8,000, and a second mortgage which is one-sixth of $8,000, or roughly about $1,300, or a total mortgage of $9,300, will cost $15,900 when paid for, $5,900 more than the original cost. I suggest that if the same house were built with money bearing interest at 2½ per cent amortized over thirty years, it could be purchased for $36.73 per month exclusive of taxes instead of $46.96, and would eventually cost the purchaser $13,222 or a saving of $2,700. If the same money were amortized at 2½ per cent over forty years, compounded half yearly as I suggest in all these calculations, a $10,000 house could then be purchased for $30.60 per month exclusive of taxes, and would still cost the purchaser over $1,000 less on his forty-year payments than it would cost on the thirty-year payment plan at 4½ per cent.

I am talking now about the middle income group, that percentage of our population now in receipt of incomes from $2,000 to $3,000 a year, and I submit that the government in any measure which attempts to provide for that class should reduce the interest payments to 2½ per cent and extend amortization to forty years. As evidence that I am not being unrealistic, I want to call the following facts to the attention of the house. A labour press release from Washington dated November 4 indicates that members of the United States senate housing subcommittee, who have just returned from a tour of European housing, report that in Scandinavia government loans for co-operative housing are made at 2½ per cent, about the cost of the money to the government, and that payments are spread over one hundred years on houses of brick and stone construction, and over sixty years on houses of wood construction. That is the report of the United States senate housing subcommittee.

The United States co-operative housing bill now before their senate calls for government loans at 3 per cent and amortization over a period of fifty years. In the United States public housing on a large scale has been built in the past with government money loaned at less than 2 per cent. In New Zealand 30,000 rental homes have been built with money loaned by the New Zealand government at from 1 to 1½ per cent. As has been pointed out here, even the Conservative government of Ontario has been advancing government money at 3 per cent. The federal government advances money to the Central Mortgage and Housing Corporation at 2 per cent, and money to limited dividend companies at 3½ per cent. Yet it insists on charging co-operative builders and others 4½ per cent. Surely there is no justification for a government charging 4½ per cent if it wants to bring housing even within the reach of the middle income group.

A noted United States authority, Nathan Strauss, writing in his book "Seven Myths of Housing", has this to say:

> A reduction in financial charges, that is, interest and amortization, by half would effect a greater reduction in annual costs than cutting in half both the cost of labour and materials.

A Canadian authority, Leonard Marsh, writing in *Public Affairs* of October, 1947, says:

> If the interest rate should be cut by one-third, say from 3 to 2 per cent, operation costs would be reduced 12 to 15 per cent.

The government proposes to place some check on the selling prices of houses on which there is a second loan. May I point out that in the bill the government appears to be making no attempt whatever to check profiteering on building materials, real estate speculation, or excessive profits by contractors. There is a widespread belief in Canada that building costs are unwarrantably high. I most strongly recommend to the government that they give heed to the request of Mr. A. R. Mosher of the Canadian Congress of Labour for a royal commission to go into the whole question of building costs. I submit that such a commission should investigate whether or not contractors are making excessive profits, whether or not the cost of building materials is unduly high, whether labour costs are unduly high, whether real estate interests are profiteering, whether interest rates can be reduced, and also whether the decentralization of the industry is making for higher unit costs than are necessary.

If the government is serious in its desire to provide homes for those people in the middle income bracket, receiving from $2,000 to $3,000 income, who can afford only $30 or $40 a month in payments or rental for housing, then I have three suggestions to offer. First is the extension of the amortization period to forty years; second, the provision of government money to builders, co-operatives, municipalities, and home purchasers at two and a half per cent. I can see no good reason why, in its effort to protect private enterprise, this government should refuse to lend money to people building in a metropolitan area, and lend only to those in outlying districts where loans have been refused by insurance companies. That seems to me to imply that this government is much more

concerned with protecting private interests who lend money than in having houses built for the people who need them. In the third place I suggest an acceptance of Mr. Mosher's suggestion for an investigation into the whole question of building costs.

I come now, Mr. Speaker, to the question of providing homes for the one-third of our people who cannot afford to pay more than $20 per month. According to an investigation by Dr. Leonard Marsh, as reported in a *Star* editorial some little time ago, 33·4 per cent of our people today are receiving less than $2,000 per year, even though their income is twice what it was in the pre-war years. Under instructions given by the government to those who borrow under the National Housing Act, one should not be required to pay more than twenty per cent of his gross income for housing, including rental or mortgage payments, taxes and so on. On that basis some 33·4 per cent of our people cannot afford to pay more than from $15 to $30 per month, and there simply are no houses available at those prices. I have here pages of advertisements from the *Globe and Mail* and the Toronto *Star* taken last week end. Here are the rents being charged in Toronto today: five-room bungalow, one year lease, $150 per month; brand new five-room bungalow, $150 monthly to reliable tenants; fine large brick house, sixteen rooms, $200 a month; house on a quiet street near shopping, eight rooms, $125; four unfurnished rooms, new home, $100; five-room upper suite, $115; four and a half room upper duplex, $150. And so on. Those are about the only houses available in Toronto for rent today.

In view of what I have said in reference to the price of houses and the need for them I would ask the minister to indicate clearly to this house whether or not this bill provides for subsidized housing in the sense that a rental reduction fund will be established and a subsidy will be paid on rent for people in the lower income group. Does the bill provide for a subsidy on rent, or does it provide only for a subsidy on the cost of construction? In view of what the Prime Minister (Mr. St. Laurent) has said about subsidized housing, in view of the vagueness of this bill, I think the minister owes it to this country to state in a forthright manner whether or not this legislation envisages a subsidized housing plan under which the difference between the economic rent and the rent people can afford to pay will be met by a monthly subsidy from a rent reduction fund. I think that is the most important question before us today. If the government does not visualize the construction of houses on that basis, I submit that by its recent action in connection with rentals the government is merely adding more confusion and more hardship to a housing situation that is driving hundreds of thousands of people to the point of despair. If the government were half as interested in building houses for people as they were in building an iron curtain around the McGregor report concerning flour, we would have houses available today for these people.

Before I conclude, Mr. Speaker, I want to submit that in view of the fact that rentals are invariably tied up with the whole question of housing, and in view of the fact that the federal government may soon pass out of the picture as far as rent control is concerned, consideration should be given by the government to rescinding the order concerning rentals which was made public a few days ago. At this point, with your permission, I desire to move the following amendment:

That this bill be not now read a second time but that it be resolved that in the opinion of this house the government should give immediate and prior consideration to rescinding the order announced on November 3 providing for increases in domestic rents.

Mr. C. E. Johnston (Bow River): I wish to say a very few words on this occasion. The last time this matter was before the house I spoke at some length, but there are many points which I desire to discuss in detail when the bill is before the committee. I should like to take this opportunity of saying to the minister that I think the bill he proposes is an improvement on anything we have had up to date. There are a great many ways in which I believe the bill could be improved, but at least the government has taken one small step in that direction. There is necessity for a decided improvement in housing conditions in Canada.

It seems to me that now there is a greater need for housing than ever. If the effort were put forth that this problem deserves, I believe great strides could be taken in solving it. Whether or not the bill which is before the house will solve the problem remains to be seen. I notice that when the minister was speaking he gave figures to show that the housing condition was improving. In that connection, I should like to read an article published in the Ottawa *Citizen* which quotes the dominion bureau of statistics on the housing problem. The article is dated October 13 and reads as follows:

This was reported by the bureau of statistics yesterday in its monthly housing bulletin. It showed, however, that fewer new houses were started this year than last.

That is not in accord with the minister's statement. The article continues:

Starts during the seven months of 1949 totalled 49,285 compared with 49,452 in the first seven months of 1948.

According to these figures released by the dominion bureau of statistics, there were less houses started this year than last year. I understood the minister to say that more houses were started this year than last year, so there must be something wrong. The figures I have quoted were released by the dominion bureau of statistics. Certainly, it is evident that the rate at which houses are being built is not meeting our requirements. Some different measures, therefore, will have to be taken if we are to overcome that lag.

Let me say, Mr. Speaker, that I think one of the most urgent needs in Canada today is a program which will supply low-rental housing. No matter how many houses we may build for those who have sufficient money to construct them under private enterprise, no matter how many of those houses we may build for those who can take advantage of the National Housing Act, it still will not meet the requirements of people who have not the money to build a house. This is particularly true of the labouring class. These people just have not enough money to lay aside a portion of their monthly income to make the required down payment. It does not matter how small that down payment is.

As the member who preceded me said, people cannot afford to spend more than one-fifth of their income for rent. That being so, the greatest need is for low-rental housing. Labouring people, and many so-called white collar employees, are in positions which do not lend themselves to the owing of a house. Some of these people are apt to be transferred from one position to another, yet they have not a sufficient income to pay the exorbitant rents which are being asked today. The other day I pointed out that there are thousands of people in this country, and in my own city particularly, that are receiving from $100 to $135 per month. It is exceedingly difficult to lay aside sufficient from that salary to pay rentals of anywhere from $40 to $70 per month. Many of these people cannot afford to pay anything in excess of $20 per month for rent.

This is the problem with which we are faced today, Mr. Speaker. It seems to me inevitable that this government will have to have a program of subsidized low-rental housing. The problem cannot be solved through any financial corporation. It must be done through the government, if we are to give the people who so urgently need it low-rental housing.

Let me speak for a moment about the cost of housing. When it comes to dealing with those people who are taking advantage of the National Housing Act, then of course the cost of the house is a material consideration. One of the factors which contribute to the high cost of building a house under the national housing plan is the rate of interest that must be paid. I have always maintained that 4½ per cent or 5 per cent is entirely too much. As I said on one other occasion last year, it seems to me that the government is now endeavouring to provide a field of investment for financial institutions instead of building low-cost houses. During the war and since that time I have oftened wondered where the mortgage companies would have received anything approaching 4½ per cent for their money if the government had not initiated this housing program. There is no other field in which these loan companies could have invested their money so safely.

This is particularly true when one considers that the government guarantees their losses to the extent of 25 per cent. It seems to me a safe investment for the mortgage companies, because they take absolutely no risk that I can see. They take no responsibility for the construction of the house. The onus is entirely on the purchaser, and it is so stated in the contract. If the purchaser fails to make one payment on time, his whole equity may be entirely washed out.

You will remember, Mr. Speaker, that on another occasion I had the contracts here in the house. When I raised the question at that time, the present Minister of Trade and Commerce (Mr. Howe) was the Minister of Reconstruction and Supply. He pointed out to me how absurd it was for me to suggest that these loan companies would be so inhuman as to throw people out of their homes and destroy their equity. At that time I said that it was not whether they would or would not do it, but there was a provision in the contract which enabled the loan companies to wipe out every cent the purchaser had put into the house. That very thing did come to pass. Veterans in Calgary who built under the N.H.A. lost every cent they had put in those houses, owing entirely to the mortgage company's foreclosing on them because they had not made payments, and for other reasons. I believe that one of the greatest contributions the minister could make to prospective builders would be to see that these contracts are redrawn so that the man who purchases a house under the National Housing Act will be guaranteed his equity in that property.

One large item of cost which enters into the building of a house is the interest charges. I am entirely in accord with those who suggest that the interest rates under the National Housing Act should be cut down. Surely, an insurance company should not be given any greater interest rate on its investment than the ordinary person who is trying

to provide for comfort in his old age by buying an annuity. The government saw fit to reduce the rates on annuities from 4 per cent to 3 per cent. If it was fair to do that, surely it is just as fair to reduce these interest rates from 4½ per cent to 3 per cent.

The minister said, I think—though I am just speaking from recollection now—that the cost of materials was down about 1 per cent and that wages were up about 3 per cent. I do not know where he got his information in that regard. The cost of building a house today definitely is 50 per cent higher than it was right after the war. I know that from an actual experience of my own. For the house that I built four years ago, the lumber alone would cost me $3,500 more now; or rather, a year ago it would have cost me that; it would cost even more than that now. The lumberman who supplied the lumber gave me that quotation. That is a tremendous increase in the cost of lumber alone. I have yet to see any lumber yards with which I have ever done business going broke.

But that cost is not nearly so bad as the tremendous interest rates which these people are asked to pay on their loans. It may be true that wages have increased; in fact, it is true. There is no doubt about that. That too would add to the costs. But I believe the government could render a service to the people of Canada if they would take such steps as are necessary to see to it that the costs of building materials are reduced.

Last year, Mr. Speaker, when I was going through the United States on my way home—we have not a Canadian highway on which we can travel; we must go through the United States; when he gets the houses built, perhaps the minister will give us a highway—I made it my business to check on the cost of some of the building materials. I found that, even on the west coast, where prices are higher than they are in the central part of the United States, lumber was cheaper there than it was in western Canada. I found that plumbing equipment was cheaper there than it is here, as was hardware. It seems to me that there is quite a field there which might be advantageously investigated, and that the result might be worth-while savings in the construction of these houses.

Let me speak of one other thing which the minister mentioned, namely, the price of these houses, and particularly the end price. When the minister was speaking on September 21, as reported at page 119 of *Hansard*, he had this to say:

> It is proposed that the present level of loans to house builders would be little changed.

Then on a little further:

> There would be no restrictions upon the builder as to the price at which he may sell the house.

In my view that is wrong. The minister of course will say to me: If we are going to give a loan on a house, then the price must be fair and reasonable; and this morning I think he gave the formula on which that fair and reasonable price would be determined. But in my judgment that is not enough. I do not see how this government can loan money to contractors building houses and then permit them to sell those houses at any price they like. To me that just does not seem to be good business. But I take it that is exactly what will happen under this plan. I believe that there should be some control on the selling price of the house.

The government of course may be trying to get out from under something which they have experienced in the past.

In answer to one of the questions put to him, the minister repeated what he had said on many other occasions, namely that there was no contract between Central Mortgage and Housing Corporation, the lending institution and the builder. I disagree with that statement, and I hope that some of the courts will disagree with it. Without question, there is an agreement. You can call it an agreement, a contract or anything you like. There is an agreement between Central Mortgage and Housing Corporation, the lending institution and the builder. Whether you call it an agreement or a contract is a matter of quibbling, I think. Under that agreement certain standards of buildings are set up. Specifications must be submitted, and a plan must be submitted for the approval of Central Mortgage and Housing Corporation. If that does not constitute a contract, I do not know what does. There you have the type of house determined, and you have the plans and specifications submitted. They must meet the approval of the institution. If that is so—and I take it that it is so, because I have seen the agreement—surely the government must have some say as to the selling price of that house.

The minister went on to say a while ago that it was not the cost that mattered but that it was the selling price. Then we must take into consideration the selling price; and if the government, through the lending institution, is going to make building loans to these builders building for sale, then certainly there must be some control on the selling price of that house. Suppose that a fair and reasonable price for a house is, we will say, $8,000. Are we going to allow them to sell that house for $12,000 or $14,000 to people who are desirous of buying it and who of necessity must buy a house? If we are trying to solve our housing problem, are we going to allow these men whom the government finances through the lending institutions to hold up the public who are in such great need of these houses? It

just does not sound sensible. My view therefore is that there must be some control over the selling prices of these houses of the type of which I was just speaking.

In my remarks today I am endeavouring to give the house some suggestions whereby I think our building program can be improved. I want to say something about the qualifications of the builder. I do so because experience has taught us that the greatest difficulty the housing program has ever got into was because of some of the things I am about to mention now, and have mentioned in the past. One of them is the soundness of the construction. I have told the minister this privately, I tell it to him here, and I have mentioned it in the house before. I think one of the greatest difficulties the government has found itself in was not through their building program exactly but rather through the inefficiency and incompetence of the inspectors employed by them. On almost every occasion I can think of I could trace the difficulty back to inefficient inspection. In the little pamphlet which the government puts out, it is true that they speak about sound standards of construction, and about the specifications and so on. An outline is given in the book which the government sends out, or which Central Mortgage and Housing Corporation sends out to the public, called "The Integrated Housing Plan", which is distributed all over the country. The people who get that book have confidence that the houses that are going to be built will be of sound construction.

That is not just so. They are fooled again, as the hon. member for Medicine Hat points out. Certainly if the buildings were constructed according to plans and specifications they would be of sound construction. The point arises however that the man whom the government has as its inspector has never seen to it that the plans and specifications were followed. In a great number of cases the specifications of the house have changed entirely without the knowledge of the purchaser, although such purchaser must assume all the responsibility together with the mortgage; that is, according to the government. There should be some different arrangement in that regard.

When the government is letting these agreements they should investigate the contractor to see whether or not he has had building experience sufficient to carry on an enterprise of that kind. Then they should review his financial position to see whether or not he is financially capable of carrying on that portion of the construction for which he is responsible, until he receives his progress payments.

There again the government has failed. These are things upon which the minister might check so as to save the government and the people who purchase these houses thousands upon thousands of dollars. Right now I can point to at least four large companies which have failed because they did not have sufficient financial backing to carry on construction to the point where they were entitled to progress payments, and for that reason had to fall down on their contracts.

In almost all those cases, however, the government reports—and I could read the statements if I were asked to do so—stated in effect that the financial standing was to the satisfaction of Central Mortgage and Housing Corporation and the lending institution, which is just so much bunk. In the case of the Pelmo construction company at Toronto this fact was evident, as it was also in connection with the Bow River Construction Company at Calgary, where it was even more evident. These companies did not have the financial backing sufficient to carry them up to that stage where they would receive progress payments.

This condition could be easily overcome. One hon. member said to me the other day that if I got too strict in this connection I would have no one building. Well, I would rather not have that type of man building for me. Surely we do not want that kind of contractor building houses for the government or for anyone else. The government has fallen down most miserably in checking the financial condition of some of these people who have been building houses. This is a condition that could be overcome.

In almost every one of the cases concerning which I have had correspondence with the government on the point as to whether the contractors had the contracting ability and the building experience necessary, the same old answer was given, that it has been found to the satisfaction of Central Mortgage and Housing Corporation that they had that ability. In some of the cases where Central Mortgage and Housing Corporation had given approval the organizations concerned had absolutely no building experience.

I believe it was the Minister of Trade and Commerce (Mr. Howe), when he was minister of reconstruction and supply, who said it was the practice that these fellows could sublet to others who did know something about the business. What a lot of silliness! One might as well say he would let a contract to anyone who comes along, so that that person could sublet it to somebody with the necessary building qualifications who would complete the job. Here again is a place where the government could save the country hundreds of thousands of dollars, and I hope this matter will be taken into consideration.

There have been so many building failures involving such large amounts that it seems to me the request I made the other day for a royal commission to investigate such failures is now more warranted than ever. I am not saying this in any spirit of bitterness toward the government. I do say however that when a government crown corporation is handling millions upon millions of dollars there should be some check upon the way in which that money is spent. There should be a check by the House of Commons, if not by a royal commission. A committee of the house should be set up, if the minister is opposed to the appointment of the royal commission I have suggested, before which members of the house could satisfy themselves as to the methods employed in the building and financing of these housing projects.

I do not intend to speak longer. I have many other points in mind, but I believe they may be more properly discussed when the bill is in committee.

Mr. Speaker: Before the debate proceeds further I feel I should make a ruling on the amendment now proposed. In accordance with the custom established, perhaps I should first hear representations either for or against the amendment—and in doing so I suggest that such representations be as brief as possible.

Mr. Knowles: Mr. Speaker, may I say a word in support of the contention that the amendment moved by my colleague the hon. member for York South (Mr. Noseworthy) is in order. I shall heed your admonition to be brief, but before proceeding with what I have to say concerning the amendment I believe it would be in order for me to say, on behalf of members on all sides of the house, that we deeply appreciate the manner in which Your Honour is handling these points of order. This offer to hear representations before you rule is really something for which we are most grateful, and in my view it is one of the highlights of this parliament.

The fundamental basis for an amendment of this kind is found in citation 657, Beauchesne's third edition, which states:

> It is also competent to a member who desires to place on record any special reasons for not agreeing to the second reading of a bill, to move as an amendment to the question, a resolution declaratory of some principle adverse to, or differing from, the principles, policy or provisions of the bill, or expressing opinions as to any circumstances connected with its introduction, or prosecution; or otherwise opposed to its progress—

I shall stop there, because the rest does not apply. My contention is that this is an amendment drafted according to the terms of that citation which, for reasons stated in the resolution and for reasons stated in my colleague's speech, expresses opposition to the further progress of this measure until something else has been done. That "something else" is a request that the government consider rescinding the order of November 3 which made provision for an increase in domestic rents.

The form as set out in Beauchesne's third edition for this kind of amendment is form No. 93 at page 337. There are in fact several variations of it. They have been more or less put together in the present amendment, but I draw Your Honour's attention particularly to the form which says that:

> The further consideration of this bill be deferred until . . .

Such and such had been done.

My colleague asks that second reading of this bill should not now be given. He asks instead that there be prior consideration to the rescinding of the order with respect to rent control. Therefore I suggest that it is carrying out what is provided for in citation 657, and also what is provided for in form 93, which indicates that one can ask that second reading be deferred until something else has been done.

Incidentally the passing of this motion would not kill the bill. It would merely delay its progress, as is clearly set out in May's thirteenth edition. I will not take the time to read it to the house because I do not think there is any doubt on that point so far as Your Honour is concerned. I refer to pages 390, 391 and 392 of May's thirteenth edition.

It would seem to me, Mr. Speaker, that the only question that might be raised would be whether or not the question in this amendment is relevant to the question involved in the bill before the house. The bill deals with housing, and surely rents are germane to housing. Surely no one can say that rents are foreign to housing, to use a word that appears in one citation. In fact, in introducing the bill the minister had to speak of rents repeatedly. The hon. member for Eglinton (Mr. Fleming) did likewise. The hon. member for York South (Mr. Noseworthy) did the same and so did the hon. member for Bow River (Mr. Johnston) who has just spoken.

The bill proposes to deal with the rental situation in a certain way. My hon. friend and colleague contends that before it is dealt with in that way it should be dealt with in this way, namely by rescinding the order increasing rents.

I also draw your attention to the heading of a ruling made by Mr. Speaker Sutherland on December 10, 1906. It is found on page 576 of Beauchesne's third edition, and reads as follows:

> An amendment is relevant when it deals with the same subject-matter as the main motion.

Certainly part of the subject matter of the main motion has to do with rents. The amendment deals with that part of the main question, and I submit for Your Honour's consideration that it is relevant.

Mr. Speaker: First of all, I wish to thank the hon. member for Winnipeg North Centre (Mr. Knowles) for his reference to the way in which I have been giving my rulings and on the custom that has been adopted whereby I am prepared to hear hon. members before I make my rulings. I must say that I intend to continue to do that and I hope that other hon. members will be as brief as the hon. member for Winnipeg North Centre was in this instance.

The amendment before the house at this time proposes to amend the motion that the bill under consideration be now read a second time. The form of the amendment is that the bill be not now read a second time but that the government should give immediate and prior consideration to a certain rentals order. The hon. member for Winnipeg North Centre has referred me to citation 657 of Beauchesne's third edition, which reads:

> It is also competent to a member who desires to place on record any special reasons for not agreeing to the second reading of a bill, to move as an amendment to the question, a resolution declaratory of some principle adverse to, or differing from, the principles, policy, or provisions of the bill, or expressing opinions as to any circumstances connected with its introduction, or prosecution;

I do not think the amendment would come within the provisions of the section of that citation as far as I have read them. The citation goes on:

> —or otherwise opposed to its progress.

The amendment, being in the proper form, might possibly come within these words. However, I would point out to hon. members that the amendment must be relevant to the question which is under consideration. This amendment suggests that the government give immediate and prior consideration to rescinding an order announced on November 3, providing for increases in domestic rents. May I inform the hon. member that that increase in no way affects any houses that are to be built under this bill. The order with regard to rents affected houses which were in existence in 1941 and probably some time subsequent to that date; but in no way can it be considered that the order affects anything that might be done under this bill. I would refer hon. members to citation 354 of Beauchesne's third edition, which reads as follows:

> An amendment setting forth a proposition dealing with a matter which is foreign to the proposition involved in the main motion is not relevant and cannot be moved. (Can. C. J. Vol. LX, p. 122.)

[Mr. Knowles.]

In my opinion this amendment deals with a matter which is foreign to the proposition involved in the motion which is now before the house, and is therefore not relevant, and I must accordingly rule it out of order.

Mr. David A. Croll (Spadina): Mr. Speaker, my first words are words of congratulation and commendation to the minister on the most heartening statement of government policy which he made early today. In the course of his remarks I was particularly impressed when he pointed out that in 1946 we set before us housing objectives, and that in 1949 we had fully achieved them and realized them. That for me holds out considerable hope for the bill we have now before us.

In 1946 we said that we would do certain things. We come back here in 1949 and we say that we did them. Now we set ourselves an entirely new objective in this bill, and I am satisfied that once again we shall be able to come back to this house and to the country and say that we accomplished exactly what we set out to do.

Some time ago an hon. member informed this house that during the last campaign I had more to say about housing, as he put it, than any other hon. member. Let me just read what I did say about housing during the campaign. I think the house will be interested in that. I shall quote from the Toronto *Star* of May 4:

> David Croll, Liberal M.P. for Spadina, predicted last night that, shortly after the federal election, the Liberal government will announce a sweeping program of low-rental housing, because experience has shown private enterprise has failed to solve the problem of housing, which the speaker described as "a social problem, a great national emergency."

According to the Toronto *Star* of June 13, I said:

> In the light of present conditions, the government must undertake, in co-operation with the provincial and municipal authorities, to build low-cost rental and subsidized housing.

On July 6, at a meeting held in the office of the mayor of Toronto, at which I was present, along with other hon. members of parliament, I had this to say, as reported in the *Globe and Mail* of that date:

> Let there be no question as to the government's position in this respect.

I was dealing with housing.

> We intend to carry out our campaign promises in connection with low-rental housing.

While I am on the subject, I think it presents me with a good opportunity to set the record straight as to what the Prime Minister (Mr. St. Laurent) has said about housing. I do so in order to give the house the benefit of his remarks, and the oppor-

tunity to appreciate the evolution of a Liberal mind. In October of 1947 he was quoted as having said:

> No government of which I am a member would ever pass legislation for subsidized housing.

This statement has been quoted in the house time and time again by members of the opposition to the point where I firmly believe that they would have preferred him not to change his mind. That is the way they would have liked to have his mind remain. Later on, when he became Prime Minister, he came to Toronto, and he is quoted in the Toronto *Star* of February 19, 1948, as having said, speaking of housing:

> That does not mean that we do not recognize the need for housing units at low rents. With today's costs, it must be obvious that low-rental housing cannot be provided without some kind of financial assistance. Our legislation provides for slum clearance grants, and also for loans to limited dividend companies for the construction of low-rental housing. It may be that experience will show that other forms of federal assistance will be desirable.

Then we have the Liberal manifesto issued in Moncton on May 20, in which he said:

> We are not going to be satisfied until decent housing is provided for every family. All levels of government must combine to promote low-rental housing projects, slum clearance and community planning.

Then we come to what the Prime Minister said at Stratford, Ontario, on June 4. The report in the Toronto *Star* of that date reads in part as follows:

> "We should not rest until every Canadian has a decent home to live in." He stressed that housing is not a federal responsibility. "But we have said that if any province or any other governing body will come to us with a proposition, it will find that the federal government is ready to share with it the responsibility and expense of providing houses."

Then on June 8 at the city of Quebec the Prime Minister said:

> For many people low-rental housing is essential... Municipal and provincial authorities obviously have to decide what is feasible and desirable before we can give effective help. But I certainly feel strongly that we in Canada should push ahead vigorously with our housing policy because more and better housing raises the standard of living; low-rental housing promotes improved health and greater social and family security for those with low incomes; and an active housing program helps to keep up employment in the construction industry which, as you know so well, is one of our least stable industries. A successful housing program depends upon good town and community planning. Increased cost, and complexity of governmental action in the development of towns and cities, emphasizes the importance of careful long term planning to avoid needless expenditure.

Today we have this bill before us, to amend the National Housing Act, and naturally I am happy to endorse it because the National Housing Act has become a landmark in Canadian history. Over the years it has made it possible for many people to become home owners who otherwise might not have been able to do so. At the present time we find that the country from Halifax to Vancouver is dotted with N.H.A. homes. To that extent it has become a part of our Canadian way of life. The proposal today is to broaden the application of the act and when the amendments before us are adopted it will make it a truly national housing act. The present amendments make it more than ever a bill with a purpose, and the purpose is to create more and better housing for all the people of Canada.

If this bill means anything at all, it means public housing; it means low-rental housing; it means subsidized housing. I should like to quote now from the Ottawa *Journal* of November 12. The Minister of Reconstruction and Supply (Mr. Winters) addressed the Dominion United Church men's association, and the newspaper report reads in part:

> He said that the principle had been admitted that homes in low economy areas must be subsidized, and added that the work of clearing slum sections was important.

Furthermore, for the information of those who may not have caught the full import of the statement he made today, I should like to point out that he said:

> The project, however,—

Speaking of dominion-provincial house building.

> —will remain in ownership of the dominion and the province. The operating profit or loss will be borne 75 per cent by the dominion and 25 per cent by the province.

These are important words.

> The annual subsidy will be the amount by which rentals received are less than operating costs of all kinds, including depreciation. These operating losses will be met on an annual basis 75 per cent by the dominion and 25 per cent by the province.

How much clearer could anyone be than in that particular statement? I think we have sufficient background so that we can now discuss the bill and the principle involved in it. The amendments bring to the act a principle that, in my opinion, is of the greatest social significance. I think the house and the country should recognize it exactly for what it is. Today for the first time we are asked to accept the proposition that housing is a social as well as an economic problem. I gladly accept it as do my fellow members on this side of the house. I call upon the rest of the house to join me in hailing this as another forward step in our political and social maturity.

I think the amendment does something even more than that. Here for the first time we have an admission by this or any other

government of responsibility for housing the nation. We have now taken the initiative, and we must see that we keep it. I need not recall to the house that under our constitution housing is normally a provincial and municipal matter. That has been largely the reason why there has been a failure to solve the housing problem decisively. Each government authority looked to the other two governmental authorities to do something about it with the result that nothing very much was done. As a result housing, because of the differences of opinion, was lost in the zone of non-co-operation which lay between the governmental authorities. The present amendments end an era of indecisiveness. There is no longer a twilight zone. The field has been completely covered, 75 per cent by the dominion government and 25 per cent by the provincial government.

The amendments also do something else. They end once and for all, I hope, the "after you" philosophy which has dogged Canadian housing for many years. They show clearly that the dominion is now prepared to act co-operatively, according to the terms laid down, with all levels of government to provide housing for Canadians who need it. This seems to me to be a great challenge to the people of Canada, and I am sure it is a challenge that they will take up. It is a challenge that gives comfort to all those of us who believe in public housing. One of the important features of the bill is that in order for it to be a success the people will have to interest themselves in the problem. This is a public level project.

I think it should be admitted to begin with that this is not a perfect bill. It is a new field, and inevitably deficiencies will become apparent which we will have to remedy in the light of experience and with the passing of time. But I want to recall to hon. members that all our social legislation, from old age pensions to family allowances, has been amended and improved with the passing of time and the gaining of experience; and this housing legislation will prove to be no exception. Imperfect it may be, though I do not suggest that at all; yet it is a very fine beginning. It is important, too, that the government has not placed a price tag on housing, and has not attempted to deal with this question in pennies. At the present time under this legislation we are allocating some $50 million. That is a nice beginning. It will cost more, and hon. members must expect that, as I am sure the country will. Today we are making a capital investment in human welfare; and when a government does that it is money well spent.

This government is saying to the provinces and municipalities: this is what we propose to do. We are partners, and we will share the load on the basis of 75 per cent for the dominion and 25 per cent for the province. We will increase our assistance to the builders, subject to one special safeguard, that of a fair and reasonable selling price. That point has occasioned some comment by other hon. members. It may not appear important to some, but those of us who had some intimate association with wartime housing following the first war will know that it is a guarantee of protection for the home owner. Certainly we could not be forgiven if twice in one generation we made the same mistake, and this provision is an attempt to prevent that happening.

Finally the dominion is saying this: we will enter into agreements with provinces to build publicly assisted housing, including low rental housing on an economic or subsidized basis. There, Mr. Speaker, you have it. For the first time, in speaking of housing, it is safe to use the word "subsidized" without being considered a wild-eyed radical. It has taken a long time; but when the need was fairly placed before the government they did not hesitate to take action. So at long last the government, to its everlasting credit, has taken a direct stand in the field of subsidized housing, something that will be hailed from one end of this country to the other as one of the most progressive and far-reaching measures ever introduced in this house, in my opinion comparable to the family allowance legislation. This 21st parliament has much to commend it. So far it has dealt with two constitutional problems of great importance; yet I venture to predict that long after those have come to be taken for granted this parliament will be remembered for this legislation which at last recognizes housing as a matter of social welfare and a problem of national concern.

I know our opponents are criticizing this legislation. That is the function of an opposition. Already from the right we have suggestions that we are giving too much, while on the left they are saying we are not giving enough. Well, that was ever the way, as we well know. However, I prefer to welcome this bill for what it is, a very long step forward in government thinking. And believe me, the step was not taken any too soon. Today, as has been pointed out, the need for housing is immediate and urgent, and in some instances almost tragic. We cannot deny that lately it has become aggravated. That is particularly true in the low-income groups, whose rate of family increase is

greatest and whose ability to pay is the smallest. We have now reached the point where we cannot let any more grass grow under our feet. We need action, and we need it quickly. We need to pass, proclaim, plan and put up houses, even before spring is here, because time is working against us. We have a backlog now of nearly 500,000 units which are badly needed; and the need increases daily as our population increases and our present housing units become more obsolete.

This amendment, of course, is not aimed primarily at the upper bracket Canadians. They have always been able to look after themselves. They have always been able to build or buy houses. No doubt this legislation will help them, but the amendment is not intended for their specific benefit. They do not constitute the real social problem with which we have to deal in this country. The problem is posed to us by that one-third of our nation who cannot afford to buy or rent homes constructed by private builders at present costs. The latest figures I can find from the taxation department, which I believe are for 1947, show that one and a quarter million taxpayers in Canada had incomes of $2,000 or less. Well, from there on it is a matter of simple arithmetic, the kind every head of a family sits up nights working out but hardly ever solves. The top figure of $2,000 a year means an income of $166 per month. We are told that an economic rent is somewhere between 20 and 23 per cent of the monthly income. This means that our Canadian earning that top income of $2,000 a year can afford to pay only $38 a month in rent; and it must be remembered that $2,000 a year is the ceiling. Some of the one and a quarter million taxpayers earn much less than that. So it has long been clear that those earning $25 to $40 a week cannot possibly obtain adequate housing accommodation at today's costs. They must be helped.

The answer is subsidized housing. In this bill the government has recognized a very important principle. The real issue in housing is no longer materials or manpower; it is cost. No housing plan is going to relieve the present shortage unless something is done to reduce the cost to the occupant, whether he be owner or tenant. Over the years the National Housing Act has helped thousands of Canadians to own their own homes. In the first seven months of 1948 more than 11,000 Canadians took advantage of that legislation. It is true that by lowering the down payment the act increases the number of potential owners, and by extending the amortization period it makes it easier for others to obtain houses at a more reasonable rental. But neither of these affects the cost. The longer amortization, good as it is, merely spreads today's inflated building costs over a longer period of years. It is true that it makes housing more easily available to those who can afford it, but what about the one-third of the nation which cannot afford to pay even the smallest down payment, or which cannot afford to carry even the present generous amortization plan. These are the people who need assistance immediately. These are the people who need subsidized housing now. It is for that reason I say to the minister, we have no time to lose.

Now that we have taken the wraps off this terrible and terrifying word "subsidized", we look around and notice some rather surprising things. One is that we have been in the subsidizing business for some considerable length of time. Fourteen per cent of the building completed in 1949 was subsidized by this government. This government has already built 50,000 subsidized houses for veterans, both low-cost and low-rental houses. No one will say that veterans housing has not been a tremendous success. We have already proven to the country that subsidized housing is workable and beneficial.

Under the principle contained in this bill, it will be possible to do something for the rest of the Canadian people who need homes in the very same way. If we can build 50,000 subsidized homes, we can build 100,000 subsidized homes. We can build as many as this country needs, as many as this country asks for, or as many as this country can digest. One thing we must not forget, the initial drive must now come from the municipalities. Low-rental and subsidized housing must have grass roots enthusiasm emanating from the cities and towns in which the houses will be built. What we are setting up by this act is the machinery for housing the nation.

Writing a cheque, in itself, is not good enough and the minister fully recognizes that. It is not enough for us to write a cheque and say to the provinces or municipalities, "There you are, you have the money, it is your baby; you bring it up." By this act housing becomes our baby from this time forward. We have to see to it that it becomes a full grown, healthy adult. The dominion is providing for 75 per cent of the cost and 25 per cent will be borne by the province. Profits and losses are to be divided on the same basis. In a broad scheme such as this, there will be losses. They are inevitable if we are to have the full benefit of subsidized houses.

In addition to that, the dominion government provides the research knowledge, technical and administrative experience, and the provincial government provides the local knowledge and considerable experience. The municipalities provide two things which will cost them nothing. They provide the initiative and the local services. The services are to be paid for by normal taxes. There will be no cost to the municipalities. The subsidy which in the past the municipalities gave to wartime housing now comes to an end. It is expected that the municipalities will provide serviced land, either immediately or whenever it is required of them. They will be repaid every cent of the cost for providing the land, in the same way that any taxpayer pays his taxes.

We only ask one more thing from the municipalities, and that is that they do some intelligent planning. Public housing cannot be like Topsy, it cannot just grow. It must be planned systematically, carefully and intelligently. I believe the importance of planning becomes all too evident when one looks around and sees the result of unplanned private building. I am thinking of areas around the city of Toronto, but it is applicable to Ottawa, Windsor and practically every municipality across this country. One finds row upon row of homes, identical bungalows. It must be a nightmare for someone coming home on Saturday night. They are crowded together as closely as possible with a minimum of air, light and recreational space. Many private builders, and the government to some extent, seem to forget that houses are meant to be lived in by human beings. There is more to housing than four walls and a roof.

The public housing which this act envisages must be built intelligently and with great imagination. There must be planning. Little communities will be growing up here and there. They must have lots of green spaces, schools, stores and recreational facilities. The aim cannot be to squeeze in as many low cost houses as possible into a given area of land. It must be to provide a pattern of living by means of which people may lead happier, healthier lives. That is what I meant, Mr. Speaker, when I said that housing is now a social as well as economic problem.

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

Mr. Croll: Not just now, no.

Mr. Fleming: Will you permit a question later?

I am convinced that we can house this nation, provided we obtain the co-operation of the provinces and the municipalities. I commend the minister now for the trip he took across this country earlier this year, when he visited the premiers and the men responsible for housing in the various provinces. He came back with an agreement. I am suggesting to the minister that he take another one of those Winters travels across this country immediately after the passage of this bill, for the purpose of implementing the intention of the house.

This act provides the means, but the real drive must now come from the people in the municipalities. If the people of this country are alive to the unlimited possibilities of this act for human good, if they are vigorous and concerted in their approach, and if the provinces will do their part by co-ordinating and co-operating, this country will have housing as it never had it before. This problem is vital today. The need will, I hope, never be greater and our ability to finance the program is beyond question.

Bad and inadequate housing has been the worst blemish on our generation. Crime, social unrest, lowered health standards and human waste, have all stemmed from bad housing conditions. To some extent all these conditions can be ameliorated, if not eliminated, by an adequate level of housing. We come down to this: that adequate housing is an integral part of the welfare state we are building in Canada. This is a great contribution to it. Like education and good health, it must not be reserved for the few who can afford to pay for it. Like education and good health, it must be made available to all people who need it.

I believe that the Canadian people are solidly behind this venture. Already there is a wide cross-section of public opinion which has fully endorsed subsidized housing. Let me relate a few.

It has been endorsed by the Canadian Legion, by the Canadian Federation of Mayors and Municipalities, by welfare and social councils across Canada, by the Canadian Congress of Labour, by the American Federation of Labor, and by church groups, by the Canadian Construction Association and by socially minded people across this country. But they must do something more than merely endorse. They must actively press their municipal authorities to take full advantage of this act. It is impossible, and it would be undesirable, for us here to impose housing on the Canadian people. There must be a desire and a demand, which I am certain are there, which will make themselves not only heard but felt at the municipal and provincial

levels. The Canadian people can rest assured of one thing, that the dominion will do its part.

Such, then, is our new housing act which is reaching out to new horizons. The only people who stand to lose by this act are the slum owners and shelter profiteers. The country stands to gain. This act will assist many Canadians to own their own homes and will assist others to rent decent, adequate housing at prices that they can afford to pay. I think this act, if fully implemented will eliminate soft spots in our economy and will keep our way of life secure. I know that this will cost money; but no matter what it costs, it will be cheap in comparison with the good that it will do. I think that this is an excellent beginning.

Just one more word of urgency. In the light of other decisions which we have made, this act at the present time should have the highest priority with the minister. We must hurry, hurry, hurry and get building done as quickly as we possibly can. I do not expect the minister to go out and lay bricks; but anything short of that I am prepared to accept. We must not forget this fact. When we endorse the principle of this bill, we accept responsibility, and then we must follow through. We have already paid too high a price for slowness in this country.

I heartily endorse the principle of this bill, Mr. Speaker. I congratulate the minister and the government, and I am happy to find myself in support of a government that sponsors a bill such as this.

Mr. Fleming: Will the hon. gentleman permit my question now?

Mr. Croll: Yes.

Mr. Fleming: In view of what he said about the social benefits of housing, how does he square what he has said today with his acquiescence in the recent 25 per cent increase in rents authorized by the government?

Mr. Croll: My hon. friend should merely ask the question, not make a statement on something that is not a fact, as far as he knows.

Mr. Fleming: Did you acquiesce or did you not?

Mr. Speaker: Order. I have ruled that—

Mr. Croll: In any event, let me say to the hon. member that I was not in favour of doing away with rent control in 1945, as he was and as was his party.

Mr. Fleming: On a question of privilege, Mr. Speaker, I do not comment now on the fact that my friend did not answer my question, but on the fact that he has just finished up with a statement that I and my party advocated the abolition of rent controls in 1945, a statement that is totally, absolutely and completely without one word of truth in it.

Mr. Speaker: I might say to the hon. member for Eglinton (Mr. Fleming) that I have ruled that the recent rental order does not affect houses which are to be built under this bill, and is therefore foreign to it.

Mr. J. R. Garland (Nipissing): My brief remarks this afternoon, Mr. Speaker, will I believe reflect in the main the opinions held by the majority of the people of the riding that I represent in this house.

First, I should like to compliment the Minister of Reconstruction and Supply (Mr. Winters) and the government for realizing that, in spite of the extensive housing program across the nation, the need for housing with all its accompanying difficulties continues to be one of Canada's most serious problems. In fact, in many of our larger centres the need for housing seems as great as ever.

While I realize our responsibility in this most urgent matter, however, I feel obliged to offer a word of caution in respect of the rental phase of our assistance as proposed by this bill. As all hon. members know, the most acute need for housing exists in those areas in which we have a density of population caused by industrial expansion. Does it not seem reasonable that the industries and the municipalities causing this influx of population and, of course, benefiting from it, should share the costs and the responsibility in this regard? To me it does not seem fair that, in this country in which so many of our people live on farms and in small towns, this section of our people should be penalized and forced to subsidize certain urban dwellers. Furthermore, such action can only accelerate the movement of our people from the farm and the small towns and cities and further defeat the plans and hopes of those of us who believe, for various reasons, that industry should be decentralized across this nation.

As I said at the beginning, I am glad our government realizes the need for housing and is doing something about it; but I urge that we proceed cautiously in this rental phase of our proposed assistance. As for the rest of the bill—that is, with the portion of the bill to assist home ownership—I am thoroughly in accord with it. I have the good fortune to live in North Bay where we boast a high percentage of home owners; in fact, 75 per cent of our homes are owner-occupied. This home ownership, I believe, is the greatest single factor in the general well-being and stability of our people. The

urge to own one's own home is strong in the hearts of Canadians; and this portion of the bill is designed further to develop and stimulate this urge to the end that it may become a reality.

I do not believe many Canadians want to live in subsidized homes with another section of our population being penalized. What the majority of Canadians want is an opportunity to own their own homes. I urge the minister to make this section of the bill as workable as possible. Let us cut those down payments to a minimum, so that they will be within reach of all our people. When I say "all our people" I mean just that. I do not subscribe to the theory that a large portion of the Canadian people are incapable of owning their own property, nor do I share the view that certain people are doomed to live in subsidized rental accommodation for the rest of their days.

Further, when this legislation becomes effective, I would urge that special attention be given to publicizing these amendments to the National Housing Act through every possible means—in other words, let us popularize this N.H.A. plan—so that we may hasten the day when as many of our people as possible may own their own homes.

I have just one further observation to make. I would urge on the minister, in the application of these new amendments, that everything possible be done to encourage the building of small low-cost homes. I know the minister has this in mind, but I think it warrants serious consideration; because the low-cost home of today in terms of our present-day thinking is, in fact, the high-priced home of a few years ago. I need scarcely remind hon. members of the days when our economy was not so buoyant, of the days when our people who had purchased high-priced homes during a previous period of economic buoyancy were being hard pressed to meet their obligations and when, as you know, thousands of homes were lost, along with every dollar the owner had invested.

I am not suggesting that we are headed for another period like the early 30's; but at the same time, one would be foolish to plan his future on the assumption that our present high level of prosperity will continue to climb unabated. The point I want to make, sir, is this. As I move around this country today I see young inexperienced people buying high-priced homes, little realizing the seriousness of their obligations, of the crushing burden of interest payments, instalments on principal, local taxes, insurance, maintenance. Let us not be responsible for saddling our people with homes that in the future will be monuments to debt and misery, but rather let us especially encourage low-priced small homes where our young people can meet their obligations and still enjoy at least some of the luxuries of life.

If and when these small homes are partially or fully paid for, they can be resold to other young people starting out in life and the former owner with his increased equity can then step into a higher-priced home that will be more in keeping with his more mature requirements and capabilities.

Mr. P. E. Wright (Melfort): Mr. Speaker, I wish to compliment the hon. member who has just taken his seat upon calling attention to one blind spot in the government's housing program, namely that concerning rural housing. The amendment now before us contains nothing, so far as rural housing is concerned. I am sure any hon. member who has driven through rural Canada, including many parts of northern Ontario, northern New Brunswick, the northern sections of the prairie provinces and Quebec must realize the tremendous need for rural housing. If there were gathered together in one of the larger urban centres homes which one finds in what might be described as slum areas in rural Canada, there would be such a protest that this or any other government in Canada would have to take notice of it. However, because these people are scattered throughout the rural areas, with no welfare organizations to bring their plight to the attention of the government, they are neglected. It is the case of the squeaky wheel getting the grease.

While I compliment the minister upon the program introduced today, nevertheless I bring his attention to the fact that it provides nothing for rural housing. The original housing act passed in 1944 contained in part III a provision for rural housing, to the effect that some loans should be available through section 14. In section 15 it was provided that the government could make grants or subsidies to manufacturers up to an amount of $5 million for the production of units to provide running water, bathroom facilities and the like in rural homes. Although that act was passed, the section in question was not implemented until 1947. In that year the section of the act dealing with loans for rural homes was implemented; but here again the conditions under which it was implemented made it almost impossible to obtain loans.

As a matter of fact the report of Central Mortgage and Housing Corporation for 1948 states—

> The annual report for 1947 referred to the proclamation during that year of section 14 of the act which provides for loans to farmers to assist in construction of new houses. During the latter

part of 1947, following the proclamation of the section, facilities were established in regional and branch offices—

—to make such loans. And then later it says:

Only four farm loans were approved during 1948. Of these, three were in Alberta and one in Nova Scotia. The total amount of the four loans was $20,100. It is interesting to note that in the case of each of the four loans the farm houses being constructed were to include wiring for electricity and modern plumbing facilities.

Nothing has been done. I have checked to see what other government organizations there are under which farm loans could be obtained for housing purposes. I find that in "Housing in Canada", a factual summary published by Central Mortgage and Housing Corporation, loans are made under the Canadian Farm Loan Act. It states here that—

Loans having a total value of $52,000 for the construction of thirty-one new farm houses were approved during the first half of 1949. Thirty-nine loans to a value of $34,000 were approved for the alteration and improvement of existing farm homes. In the first half of 1948 loans were approved with a value of $18,000 for sixteen new farm houses, and forty-one loans with a value of $17,000 were approved for residential improvements and alterations.

Guarantees under the Farm Improvement Loans Act, 1944—

And this is the other act under which loans may be obtained for building purposes so far as farm homes are concerned—

—were made in respect of 176 loans for new farm houses, and 385 loans for the improvement and alteration of existing farm residential property in the first half of 1949. The loans for the new units had a total value of $283,000 and for the improvements and alterations $347,000. In the first half of 1948, loans were lower both for new farm houses, 162 valued at $211,000 and for improvements and alterations, 213 valued at $194,000.

These totals mean nothing when compared with the need for better homes in rural Canada. The failure of the government to interest any large corporation or manufacturer in the production of suitable bathroom units and toilet facilities for rural homes is deplorable. From 1944 to the present time we find the government has been able to interest only one manufacturer, and him only in a tentative way—he has not yet even made an application—for the production of these facilities. Goodness knows they are needed in rural Canada.

I have not the statistics with me, but I did place on record during the last parliament figures which showed that approximately 90 per cent of homes in urban areas have running water and bathroom facilities whereas 90 per cent of rural homes have neither. Surely there is something lacking in a country like Canada where in rural districts the homes of the greatest single wealth-producing group in the country are of this kind.

That is the one blind spot in the minister's legislation. Something should be done to rectify the condition and to meet the need for better homes in rural Canada. I hope some other members representing rural areas will add their voices in urging the government to meet this need.

Mr. Hughes Cleaver (Halton): My first word is one of congratulation of our new minister on the very interesting ministerial appointment with which he has been honoured. I also want to congratulate him on the wonderful progress he has already made after being in office for so short a time.

May I, Mr. Speaker, have the leave of the house to put on record two short tables, one dealing with all building construction in Canada—the information was obtained from the bureau of statistics—for the years 1939 to 1947 inclusive. It consists of two columns, the first column showing the total building construction in Canada and the second column the residential construction only. The second table shows the number of housing units built in Canada in the years 1937 to 1949 inclusive but excluding the war years.

The Acting Speaker (Mr. Beaudoin): Has the hon. member leave of the house to put these tables on *Hansard*?

Some hon. Members: Agreed.

Mr. Cleaver: The tables follow:

Building Construction

Year	All types, including industrial, commercial, institutional, residential, etc.	Residential
1939	$159,041,080	$ 53,926,429
1940	257,800,560	59,925,197
1941	439,095,000	119,576,000
1942	418,371,000	109,346,000
1943	368,899,000	97,184,000
1944	296,714,000	121,927,000
1945	384,672,000	173,524,000
1946	632,171,000	264,127,000
1947	838,871,000	320,304,000

Housing Units excluding war years

1937		34,000
1938		37,000
1939		42,000
1945		48,599
1946		67,315
1947		79,359
1948		81,243
1949	estimate only	96,000

Wherever you go in Canada today you find the strongest possible evidence of the fact that we are enjoying the greatest building boom that this country has ever had. You do not need to go to the bureau of statistics to satisfy yourself as to that. Your own eyes are sufficient evidence of the fact. All types of building, not only homes but all types of construction, factories, stores, churches,

schools and so forth, all types of building that you can think of are being erected. In my own community I have never seen anything like the building activity which we have today. If hon. members will glance at the statement that I have put on record they will notice that the total of all building construction in Canada in the year 1939 was $159 million odd. By 1947 our total building construction had moved up to $838 million. Complete figures are not yet available for 1948 and 1949, but I am reliably informed that our total building construction this year will run well over a billion dollars. Compare that figure with $159 million in 1939.

Coming to residential construction, the total value of house building in 1939 was just over $53 million. By 1947 we had moved up to $320 million, and this year we shall go well over $400 million. There will be that many dollars' worth of houses built in the one year. If hon. members will check over the housing units they will find that in the years prior to the war our peak year was 1939 when we built 42,000 new houses. By the end of this year the minister estimates we shall have built 96,000 new housing units. Expressed in other words, we have geared up the building trades of this country, so far as house building is concerned, to over double the number of houses which we built in 1939, which was our normal production of houses prior to the war.

I should like to remind the house that this remarkable achievement in house building has been accomplished notwithstanding the heaviest competition, competition in other branches of building. If hon. members will check over the table again they will see that in this year, in addition to the tremendous house building program, we shall have built over $600 million worth of stores, factories, schools, institutions and the like. We all know that the change-over from wartime production to peacetime production is a difficult one. Because of that, in the early years after the war we ran into many bottlenecks in the building trades. Plumbing fixtures, soil pipe, electrical supplies, seasoned lumber, doors, hardwood flooring, nails, cement, brick, gyproc, fibreboard and countless other items I could mention were all in short supply. Most of them are becoming easier today, but cement, bricks and nails are still in short supply.

Since the war, and certainly in 1947 and the early part of 1948, the builders of this country spent well over one-third of their time searching for building materials and chasing up the delivery of those materials. I suggest, Mr. Speaker, that this tremendous expansion in our building trades, this tremendous expansion in house building, did not come about by mere accident. It came about by good planning and able leadership. Too much credit cannot be paid to the house building trades of this country for the persevering way in which they carried on in 1946, 1947 and 1948 under these constantly recurring bottlenecks of one type of building supplies and the other. They cannot be given too much credit for their ingenuity in improvising and substituting one type of material for another that was in short supply.

Another branch to which some credit is due is our lending institutions. We should express appreciation of our lending institutions for the wonderful way in which they have co-operated and made the finances available for the tremendous program which we have had. I am proud to say that this country owes a deep debt of gratitude to the Minister of Trade and Commerce (Mr. Howe) who was responsible for the organization of this program, and also to Central Mortgage and Housing Corporation. Much of the credit for what we have done in house building today should be given to the officers and staff of Central Mortgage and Housing Corporation for the different programs and schemes that they have devised to assist in and to stimulate the construction of houses. Mr. Speaker, I do not know of any department of government where men have worked any harder or any more efficiently than the officials of Central Mortgage and Housing during the trying years of 1946, 1947 and 1948. Many times it has been my experience to call these men who were making such a wonderful effort, and very often I found them in their offices working in the evening. This goes for the branch offices as well as at head office at Ottawa I do not think that happened very often in many of the other departments.

I think too that a measure of appreciation should be expressed to the Ontario government for the assistance which they have given to home owners in buying their own homes. When the hon. member for Eglinton (Mr. Fleming) suggested that Ontario's contribution meant that we got 10,000 more houses than we would have had without that contribution, perhaps he was overplaying the point a little; but Ontario is deserving of credit for their forward move in assisting something over 10,000 purchasers who did not have the necessary down payment. I want to say, Mr. Speaker, that that department of government at Toronto is very efficiently managed, and these down payments in the way of assistance to purchasers have come through to the different home owners as promptly as one could hope that they would.

I can only speak of my own community because I know it well, and while I travel to some extent I do not pretend to speak for the rest of Canada. In my own community, so far as housing is concerned, one part of the problem is well under control. I refer to the part that has to do with home ownership. With the assistance which I have mentioned, so far as the private home owner is concerned the problem is well under control and we are making quite good progress.

The remaining hard core of the problem, as I should like to term it, is the need for low-rental housing. In view of the achievements, and in view of all the surrounding circumstances, I was hopeful that there would be some helpful suggestions from the opposition as to how the low-rental problem should be tackled. I also fully expected that we would have some expression of appreciation from the official opposition for what has been accomplished. I was both surprised and disappointed with the speech delivered by the opposition's official housing critic when the bill was up for first reading. On re-reading his speech carefully and going over it from beginning to end, I fail to find any helpful suggestion for the solution of the problem. In addition to that, about the only thing that one can find is a long list of misleading grumbling complaints. May I read a few of them to the house. At page 1297 of *Hansard* the hon. member for Eglinton (Mr. Fleming) said:

> When we look back on these post-war years from 1945 to 1949 inclusive, we can say that so far as housing is concerned they will go down as the wasted years.

Further down on the same page there are these words:

> The record during the past five years has been a record of failure . . .

Over on the next page I find these words:

> Progress by this government in three precious years in spite of all this boasting and these promises—absolutely nil!

No progress. I wondered, when I re-read these statements, what on earth the hon. member for Eglinton has been doing with himself. Has he been going around blindfold, or what is the matter with him? In the same speech at page 1302 of *Hansard* there are more complaints, and I find these words:

> I have said before that there has been far too rigid and unsympathetic administration of the National Housing Act.

Again on the same page are these words:

> . . . but I do not intend to spare the feelings of the supporters of the government any more than I have been.

Of course he has never done that. Further down there are these words:

> Of course they were smug, they were satisfied just as they are today, and they followed the course of just letting the people who were faced with the housing problem worry about it.

I have a suggestion to make to the hon. member for Eglinton. If he will not believe what he sees himself, if he will not believe his own eyes, if he will not believe the material that is available to him in the dominion bureau of statistics and the Central Mortgage and Housing Corporation, then I would ask him to be good enough to go and talk with the son of a former Conservative minister of finance, a lifelong Tory, who will not lead him astray politically. I refer to Mr. Rhodes. I believe at the present time he is president or past president of the Ottawa real estate board. He is a man who has made a wonderful contribution in Ottawa towards the solution of Canada's housing problem. I invite members of the house to go and inspect Mr. Rhodes' Manor Park suburban development. I ask the hon. member for Eglinton to inquire of Mr. Rhodes whether progress in house building since the end of the war has been nil, if they have been wasted years, if it is a record of failure. I also ask him particularly to ask Mr. Rhodes if the administration of the Central Mortgage and Housing Corporation has been unsympathetic or smug, and whether the Central Mortgage and Housing Corporation and this government have let people who were in distress for housing do their own worrying.

Mr. Fraser: They certainly have.

Mr. Cleaver: Enough of that. My object in speaking today is to try to sell an idea to the private members of the house. The first thing I wish to do is to urge as strongly as I can that our housing problem is much too vital for anyone to play politics with it.

Mr. Fraser: Page the government.

Mr. Cleaver: In the first place I do not think it is good enough for private members, whether on the government or opposition sides of the house, to content themselves with simply grumbling about it. I suggest to all private members of the house that we should go to work and help in the effort to solve the housing problem in our own ridings. I hope I shall be pardoned if I make a personal reference. As I view it, as I said a moment ago, the remaining hard core of our housing problem is one of rentals. I think there are two distinct groups requiring rental accommodation, and I think they should be kept in two separate compartments as to their needs and the remedy to be applied. The first group

comprises a limited number, and every community has them. It consists of a few folk who, on account of old age, ill health, or some misfortune of one kind or another, find themselves in a position where they cannot afford to pay the economic rent for decent housing accommodation. Their number is relatively small but their need is most urgent. In Burlington we have these people.

The mayor of the town, Major Leather, and I organized a housing plan for these unfortunates under the existing National Housing Act. You will find under that act that 90 per cent of the cost at 3 per cent interest is available for this purpose in any municipality, but there are two restrictions. In the first place the sponsors of the scheme, who put up the 10 per cent equity, must be content with a 5 per cent interest return on their money. The other restriction is that the housing units constructed under the plan must not be rented to anyone except the needy folk to whom I have referred. The major and I organized such a scheme in my home town. It was sponsored by the Lions Club, the Legion and the town of Burlington. We raised the 10 per cent owner equity as a gift. We did not pay any interest on it. We built the most modern type of units that we could. They are of fireproof masonry construction, and are attractive in appearance. We rent the nicest little housing suites you ever saw at $16 and $21 a month. They have white-tile bathrooms, and nicely equipped kitchens with everything that the heart could desire. The rentals of $16 and $21 a month pay all of the operating costs. By the way, we were able to get an amortization period of forty-seven years on the mortgage, because the buildings were well constructed. Those rentals pay the expenses of the caretaker, the cost of fuel, and all operating costs. What we have done in Burlington has been repeated in one or two other municipalities in Canada, but in far too few; and I suggest to the private members of this house, especially to our critical friends in the opposition, that they get busy in their own ridings and help solve Canada's housing problem in so far as it concerns these unfortunate people.

As to the other part of the problem, the provision of low-rental housing for the workmen of this country, I do not know how many units we need. My guess would be somewhere between one hundred and two hundred thousand housing units. I am pleased indeed that this amendment to the National Housing Act provides for co-operation between governments at all three levels, municipal, provincial and federal, for the solution of this problem. On a question as important as housing it is not surprising that we should find differences of opinion. I am quite free to admit that I do not find myself in agreement with all hon. members of my own party on this point; nevertheless I want to express my personal views as to how I believe the problem should be tackled. Today in Canada a large percentage of our workmen already own their own homes or are well on the way to ownership. The national advantages which flow from private ownership of homes simply cannot be overestimated. The home owner who has to struggle to pay for his own home has a real stake in the country; and I would very much dislike to see Canada, through a large-scale subsidy program, degenerate into a country of tenants. I do not think we should allow that to happen. I am not unmindful of the fact that a limited amount of rental housing accommodation is essential. Folk move from one community to another; their jobs change, and we must have rental accommodation to take care of that small floating part of our population, if I may so term it.

I was pleased indeed to hear the minister say today that nothing will be done to dull private initiative with respect to home building. I may be reading more into those words than I should, but I hope they mean what I think they do. I hope the minister plans that whatever is done to help solve this housing problem will be done right across the board and that savings in cost effected through land assembly, or savings made in other ways, will be made available not only for the benefit of the man who needs rental accommodation but also for the benefit of the man who wants to and should buy his own home. I would urge that never in this country should we have a subsidy scheme going so far that it would be to the advantage of folk to rent rather than buy, or which would be carried to the point where Canada would eventually become a land of tenants.

Proper planning and financing of the servicing of new land can do much to lower costs; and on this point I have a suggestion to offer the minister. Since the early thirties, when many municipalities in Ontario got into difficulties, our municipal board has been insisting on the repayment of debentures for both water works and sewers over a short period of time. I think fifteen or twenty years is the maximum period for which a debenture issue covering either water or sewers may be approved. We all know that a cast-iron water main in the ground is good for at least sixty to eighty years in most parts of Canada, while a well-laid sanitary sewer has an indefinite life. It would greatly help in bringing down local improvement

payments in taxes if the minister could effect some arrangement under which the payments to defray the cost of sewers and water mains would be spread over a long period of years, rather than the short period which now prevails.

Then, too, I entirely agree with the suggestions that have come from all sides of the house that money spent in research is money well spent, and I include in that money spent in improving the design of housing accommodation. Much has been accomplished already in that regard by Central Mortgage and Housing Corporation. Prior to the National Housing Act, home building standards in Canada were nothing like what they are today. The advent of the National Housing Act brought about a distinct improvement in the construction standards of our homes. The same thing has happened in regard to the planning of homes. While perhaps it is true that not more than one-quarter of the homes being built today come directly under the National Housing Act, it is equally true that many private home builders are using the well designed plans which anyone can get from Central Mortgage and Housing Corporation at nominal cost.

In addition to the saving that can be effected by reducing the annual payments required to service land, I think a distinct saving can be effected in the actual purchase of land. In many of these fringe land developments I believe land can be provided at a cost which would permit lots to be sold for not more than $200 or $300 each, instead of the present going rate, which I believe is $500 or $600.

So I urge the minister to do everything he can to get low-rental housing for the needy workmen of this country, and at the same time go as far as he can to make all those advantages also available to people who want to own their own homes. And before I reach the concluding portion of my address let me urge once more that private members can make a real contribution to the solution of this problem. I live in the district between Hamilton and Toronto; my riding fronts on lake Ontario. That district has participated perhaps as largely as any district in Canada in the tremendous development going on today. The builders in my riding are on their toes. I have tried in every way to help them and today in Halton we have our building problem well under control. Under the integrated housing program something over 11,000 homes have been built for veterans.

I should like to comment for a moment on that feature of the National Housing Act. Under that scheme the builder is restricted on the resale price to an extremely modest profit. Under that scheme he must give priority in the sale of those homes to veterans, but in return for that the builder is given priority for all building materials. The government also gives the builder an undertaking that any unsold houses will be taken off his hands. In two short years, as a result of that, approximately 11,000 housing units were produced.

Then there was the unfortunate experience with the Bow River construction out west. This scheme involved approximately 40 houses. As a result of the failure of that scheme, what do we find? The member for Bow River (Mr. Johnston) urged that certain safeguards and restrictions should be imposed to protect the purchaser. Those restrictions were imposed and they are rather onerous. What has been the result of that? The number of houses built under the integrated plan this year is approximately 2,300. The member for Bow River got his restrictions, and we got the results. I wish to urge the minister to revise those restrictions. I do not believe the whole integrated plan should fall into disuse simply because of one incident that happened in Bow River. I should like to urge also, as a control against builders taking unreasonable profits, that it might be wise to introduce a ceiling price on houses built under the National Housing Act. Perhaps this should not be a rigid ceiling price in that it should allow a little more profit than is allowed under the integrated plan, but I think that is a good way of guarding against excessive prices.

I shall turn now to another plan of the Central Mortgage and Housing Corporation. I refer to the rental insurance plan which came into force a year ago last July. Under this plan loans up to 85 per cent of the cost of the project are available to owners. The interest rate is four and one-quarter per cent. The rental insurance premium costs, in round figures, another quarter per cent of the face of the mortgage, for which the owner is insured up to 85 per cent of the agreed rentals. The insurance is for a period of twenty or thirty years, whichever period the owner chooses. This is a safe investment and it is a profitable investment for a builder who is interested in that type of building. The only string on that is that if depressed times return and the owner has to draw on the rental insurance to a greater amount than the total of one year's rental, then the government reserves the right to buy back the building at the agreed price less the yearly principal payments that have been paid off the mortgage. Under this rental insurance plan, two and a half per cent of the principal is retired

annually and, of course, the rental guarantee drops correspondingly each year. I would say that the premium which is being paid would go a long way towards meeting any liability which will occur under this insurance scheme. In other words, there is very little of the subsidy feature in this scheme.

Under this scheme in slightly more than a year, 7,900 rental accommodation units have been built. On checking the records, I find that Quebec leads all other provinces in Canada by a substantial amount. In Quebec approximately 5,400 of these rental insurance units were built in slightly over a year. Ontario lags behind in this field. Whereas the province of Quebec built approximately 5,400 units, there were less than 1,900 units built in the whole of the province of Ontario. Once again, I should like to ask my hon. friend the member for Eglinton to get busy in the city of Toronto. Practically none of these units have been built in that city. The hon. member would be doing a good turn to the people in Toronto who want decent rental accommodation. He would be doing a good turn to the builder whom he interests in this scheme, and I think he would be doing himself a good turn because, after he has done some work of that sort, I do not think he will feel so frustrated as he obviously does today.

I turn now to co-operative housing. This is one field in which the members of the house could get busy. I trust the house will pardon another personal reference, but I helped to organize eleven of these schemes in the last two years involving something over 400 housing units. Two such schemes are in progress in Oakville at the moment. I shall tell you about one of them. A group of about fifteen chaps, most of them veterans, came to see me five or six months ago and talked over the project. I helped them get it started. These veterans are building fine modern homes with three bedrooms, all fully equipped and modern in every respect, at a cost of approximately $6,700 each. The men are turning in $300 worth of work on each of the homes and are doing some general over-all work as well. The carrying charges including the mortgage, taxes, fire insurance, water rates and so on will add up to just under $45 per month. That is the way I like to see Canadian boys behave. I would far rather see that type of construction, that type of home occupancy, where a man has a real stake in the welfare of the country.

I should like to say just a word about the over-all operation of the National Housing Act. In the past some members have commented on the small amount of housing in Canada built under Central Mortgage and Housing. I believe these remarks are largely the result of misunderstanding and misinformation. I should like to put a few of the general figures on the record. Since its inception and up to July 31, 1949, 67,000 N.H.A. housing units have been built in this country. The total of the outstanding loans as of the same date is approximately $340 million. I suggest, Mr. Speaker, that is a stupendous contribution. In addition to that, Central Mortgage and Housing Corporation manages something over 40,000 government-owned homes.

There is one feature which I think has not been recognized. It is that the Central Mortgage and Housing funds or N.H.A. funds are largely responsible for practically all the speculative building undertaken in Canada. Funds for that type of building in sufficient amounts were not available from private institutions. We would not have had these speculatively built houses if it were not for N.H.A. funds and, as a result, we would not have had the large quantity of houses which we have. In looking over the whole picture, Mr. Speaker, I suggest that we have every right to be proud, and that the private members should go to work.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

Mr. H. W. Winkler (Lisgar) moved that the house go into committee to consider Bills Nos. 104 to 115, inclusive, 121 to 132 inclusive and 134 to 141 inclusive:

Bill No. 104, for the relief of Edith Cohen.—Mr. Winkler.

Bill No. 105, for the relief of Ida Lindy Angel Katzman.—Mr. Winkler.

Bill No. 106, for the relief of Marian Latora Glendening Joncas.—Mr. Winkler.

Bill No. 107, for the relief of Eva Nerenberg Anger.—Mr. Winkler.

Bill No. 108, for the relief of Josephine Teweson Paul Bero.—Mr. Winkler.

Bill No. 109, for the relief of Phyllis Elizabeth Ross Erskine.—Mr. Winkler.

Bill No. 110, for the relief of Jeannette Mathilda Seymour Oswald.—Mr. Winkler.

Bill No. 111, for the relief of George Bennett Gagnon.—Mr. Winkler.

Bill No. 112, for the relief of Bertha Rudolph Holzberg.—Mr. Winkler.

Bill No. 113, for the relief of Lillian Elizabeth Moore Bowen.—Mr. Winkler.

Bill No. 114, for the relief of Laurence Bouchard Pappini.—Mr. Winkler.

Bill No. 115, for the relief of Nana Rosenberg Taube.—Mr. Winkler.

Bill No. 121, for the relief of Cecile de Mers Asheim.—Mr. Winkler.

Bill No. 122, for the relief of Elsie Margaret Harding Lewin.—Mr. Winkler.

Bill No. 123, for the relief of Raymond Webster Elliott.—Mr. Winkler.

Bill No. 124, for the relief of Hazel Wilma Drysdale Warnecke.—Mr. Winkler.

Bill No. 125, for the relief of Ruby Rabinovitch Friedgut, otherwise known as Ruby Rabinovitch Freygood.—Mr. Winkler.

Bill No. 126, for the relief of Mildred Carmen Mitchell James.—Mr. Winkler.

Bill No. 127, for the relief of Bessie Birenbaum Abrams.—Mr. Winkler.

Bill No. 128, for the relief of Grace Elsie Mills Johnson.—Mr. Winkler.

Bill No. 129, for the relief of Robert Ewen Stewart.—Mr. Winkler.

Bill No. 130, for the relief of Mary Cecilia Helliwell Glassco.—Mr. Winkler.

Bill No. 131, for the relief of Betty Malca Stillman Shugar.—Mr. Winkler.

Bill No. 132, for the relief of Tessie Charow Hersh.—Mr. Winkler.

Bill No. 134, for the relief of Cicely Manley Sampson.—Mr. Winkler.

Bill No. 135, for the relief of Paul Paquette. —Mr. Winkler.

Bill No. 136, for the relief of Joseph Simon Adelard Barrette.—Mr. Winkler.

Bill No. 137, for the relief of Edith Daisy Steer Catto.—Mr. Winkler.

Bill No. 138, for the relief of Gwen Pollock Harris.—Mr. Winkler.

Bill No. 139, for the relief of Sonia Eagle Davies.—Mr. Winkler.

Bill No. 140, for the relief of Evelyne Louis Steinwold.—Mr. Winkler.

Bill No. 141, for the relief of John Gilbert Speak.—Mr. Winkler.

Motion agreed to and the house went into committee on Bills Nos. 104 to 115 inclusive, 121 to 132 inclusive and 134 to 141 inclusive, Mr. Dion in the chair.

Bills reported, read the third time and passed, on division.

SECOND READINGS

Mr. H. W. Winkler (Lisgar) moved the second reading of Bills Nos. 150 to 173 inclusive:

Bill No. 150, for the relief of Chesna Laing Shapiro.—Mr. Winkler.

Bill No. 151, for the relief of Edith Turcotte. —Mr. Winkler.

Bill No. 152, for the relief of Irene Brodwin Miller.—Mr. Winkler.

Bill No. 153, for the relief of Jean Ruth Montgomery Loiselle.—Mr. Winkler.

Bill No. 154, for the relief of Joseph Charles Michel Emery.—Mr. Winkler.

Bill No. 155, for the relief of Lyla Almina Wharry Johnston.—Mr. Weir.

Bill No. 156, for the relief of Marjorie Helen Glass Nixon.—Mr. Winkler.

Bill No. 157, for the relief of Olga Hetmanchuk Dorval.—Mr. Winkler.

Bill No. 158, for the relief of Grace Melina Cotton Crawford.—Mr. Winkler.

Bill No. 159, for the relief of Thomas Gillespie Shields.—Mr. Winkler.

Bill No. 160, for the relief of Czerna Berger Borodow.—Mr. Winkler.

Bill No. 161, for the relief of Freda Tippett Hart.—Mr. Winkler.

Bill No. 162, for the relief of Rebecca Rosa Jacobs Bershadsky.—Mr. Winkler.

Bill No. 163, for the relief of Etta Valerie Sherwin Sperber.—Mr. Winkler.

Bill No. 164, for the relief of Sandy Douglas Carbone.—Mr. Winkler.

Bill No. 165, for the relief of Hellen Isabel Dawson Parlee.—Mr. Winkler.

Bill No. 166, for the relief of Violet Emma Woodhall Brownridge.—Mr. Winkler.

Bill No. 167, for the relief of James Samuel Hatton.—Mr. Weir.

Bill No. 168, for the relief of Anne Denburg Hershcovich.—Mr. Winkler.

Bill No. 169, for the relief of Ruth Baranoff Clark.—Mr. Winkler.

Bill No. 170, for the relief of Viateur Longpre.—Mr. Winkler.

Bill No. 171, for the relief of Evalina May Carter O'Connell.—Mr. Winkler.

Bill No. 172, for the relief of Borys Zaryn.— Mr. Winkler.

Bill No. 173, for the relief of Alice Dorothy Rolison Cransky.—Mr. Winkler.

Motion agreed to on division, bills read the second time, and referred to the committee on miscellaneous private bills.

PRAIRIE TRANSMISSION LINES LIMITED

The house resumed, from Tuesday, November 8, consideration of the motion of Mr. Benidickson for the second reading of Bill No. 119, to incorporate Prairie Transmission Lines Limited.

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, at the last sitting when this bill was discussed I pointed out the steps necessary to be taken by any company which desires to build a pipe line in Canada. I said that the first requirement under the Pipe Lines Act is that the company shall be incorporated by act of this parliament. I pointed out that the company must

next acquire the gas sufficient to justify a pipe line, by contract with producing companies or by other means. I then pointed out that the company must obtain an export licence from the province of Alberta which, through its own legislation, has retained jurisdiction over the export of gas from that province. I then pointed out that the Board of Transport Commissioners for Canada must be satisfied with the route of the pipe line and satisfied with all particulars regarding the construction of the pipe line.

I stated that one requirement of the board of transport commissioners would be the assurance that an export licence under the Electricity and Fluid Exportation Act would be forthcoming. That act is administered by the Minister of Trade and Commerce, and its function is to make sure that electricity or fluids are not exported until the present and future requirements of Canada are satisfied. It is therefore seen that there are ample safeguards for the public interest of Canada.

A good deal has been said about possible routes of the pipe line. A good many uninformed assertions have been made in the house in that regard. I know nothing about the pipe line company which is asking for incorporation under this bill; but I do know something about the interests that are asking for incorporation under another bill now before the house. I know that that company has surveyed five routes from Alberta to the Pacific coast, and that one of them at least is an all-Canadian route. There is no difference whatever between my opinion and opinions expressed here that Vancouver must not be on the end of the pipe line. Vancouver must be served before any considerable service is taken off for supply to the United States. Under the Electricity and Fluid Exportation Act that requirement would have to be complied with before any export permit will be given by the department of which I am the minister.

However, I do think that these acts should be studied, and studied very carefully. I should like to know much more about the incorporation asked for in the bill about which I am speaking than I know at the present time. But the place to obtain that information is in the committee on railways, canals and telegraph lines to which this bill will be referred, and before which the sponsors of the bill will appear to make their case for incorporation.

I will say this, however, that since incorporation by act of parliament is a requirement of the Pipe Lines Act, that incorporation should not be refused on trivial grounds. It seems obvious to me that if a responsible group of men, be they Canadians or Americans, properly financed and having the proper background of experience, apply to this parliament for incorporation, they are entitled to incorporate.

I should like also to say a word about what seems obviously to be a filibuster in connection with these bills. The government will not permit any small number of members to prevent this house as a whole from voting on a private bill. If these bills continue to be talked out in the limited time permitted for private bills, the government will ask the house to suspend the rules and provide whatever time is required to finish the discussion and to obtain a vote on such bills.

I might say the house has granted one franchise for a pipe line for gas in a western direction and a pipe line for gas in an eastern direction. As the situation stands today, the incorporators of each of those two bills have a monopoly, so far as gas moving in either direction is concerned. My hon. friends of the C.C.F. party have a good deal to say about monopolies, and yet we find them very busy filibustering so that the monopoly on the pipe line situation can be maintained.

The province of Alberta will, in the end, decide with which incorporated company it wishes to do business. That province has expressed the desire that it shall have the choice as between several companies, and there are obvious advantages in that procedure as far as Alberta is concerned. Therefore, I hope that these pipe line bills will be examined and if they are properly sponsored I hope that this house will grant the incorporations.

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, I have not spoken yet on any of these bills and I had no intention of speaking tonight. As far as I know only one member of this group has spoken in the debates on these bills. If the Minister of Trade and Commerce (Mr. Howe) knows of any more let him state their names.

Mr. Knowles: He is wrong again.

Mr. MacInnis: It is not the first time the Minister of Trade and Commerce has been wrong and I hope people will discontinue taking his advice.

Mr. Knowles: Including the Minister of Justice (Mr. Garson).

Mr. MacInnis: Including the Minister of Justice and any other ministers who might get into the habit of being intimidated by him. We are opposed to monopoly and the mere fact that half a dozen pipe-line bills are passed here is no proof that there will not ultimately be a monopoly. Is there any law, once this bill is passed, to prevent them getting together

and forming a monopoly or to prevent those with larger financial backing from getting together to squeeze out those who have the least money?

From the way the Minister of Trade and Commerce spoke tonight it would seem that these bills are not private bills at all. The fact that they are introduced as private bills is merely subterfuge. It would appear that after all these are government bills and if we are not going to pass them as private bills—well, we are going to pass them as government bills.

Mr. Howe: Nonsense; I did not say that.

Mr. MacInnis: It seems to me that the government is getting rather high-handed of late.

Mr. Knowles: If you do not get your way under the rules, change the rules.

Mr. MacInnis: If you do not get your way under the rules, stretch them. The rules have been stretched during the last ten months to a point approaching a scandal. I have no objection to the Minister of Trade and Commerce supporting in this house any interests he likes, but I do not want him accusing this party of doing something we have not done. I am going to go this far and say that we have been told that we had better "lay off" these bills or something might happen to us.

Mr. Howe: Having said that, my hon. friend had better say who told him that.

Mr. MacInnis: That is what we have been told.

An hon. Member: Name them.

An hon. Member: By whom?

Mr. MacInnis: I do not have to name them. The stories you see in the papers concerning the hon. member for Fraser Valley (Mr. Cruickshank) and the action he has taken in connection with certain bills and the stories you see in the papers about the C.C.F. are part of the campaign to intimidate hon. members of this house. Whether all the parties are a party to that action or not, I do not know, but that is what is going on. Here is one person who will not be intimidated, no matter who tries it.

I have nothing further to say on this bill and I would not have said what I have said tonight if the minister had not spoken as he did. But now that the question has been brought out in the open we shall see who is behind these bills.

Mr. O. L. Jones (Yale): Mr. Speaker, as the one member of this party who spoke on the previous bill, not on this one, I want to make it quite clear that what I said on that occasion expressed exactly what I felt, that these pipe lines going through the United States are not going to serve the best interests of the province from which I come. I felt that there should be included in that bill a clause containing a promise that the pipe lines would go through the dominion to Vancouver. I gave my reasons for objecting and I think they are sincere. I resent the minister's suggestion that we are filibustering when we put these claims before the house. Now that the minister has full knowledge of the conditions under which I spoke, now that he knows that I was the only speaker, I think he should retract the suggestion he made.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, as one of the two members from southern British Columbia whose constituents are greatly concerned with this bill I should like to express the opinion of those constituents. I was surprised to hear the minister suggest that this group was conducting a filibuster. Originally it was intended that only the two members primarily concerned, the hon. member for Yale (Mr. Jones) and myself, would speak on this or the related bill. I was fully aware that the hon. member for Vancouver East (Mr. MacInnis) did not intend to speak. I am sure if the records of this house are read it will be proved that the hon. member for Yale and I rise to speak only when we feel we have occasion to say something and it is our duty to do so.

I am going to deal for a few minutes with this bill to incorporate Prairie Transmission Lines Limited and express the opinions of the people whom I represent. It is strange that this bill and the related bill to incorporate the Alberta Natural Gas Company are sponsored by Manitoba members. Apparently there was no British Columbia member who was ready to stand up and sponsor either of these bills.

An hon. Member: Manitoba and Ontario members.

Mr. Herridge: Pardon me, Manitoba and Ontario members. I think that is rather significant. In speaking at this time I feel I am doing my duty in expressing the opinions of the great majority of the people whom I have the honour to represent. I am quite certain that if a plebiscite were taken on these bills 95 per cent of the people of Alberta and British Columbia would vote in support of the action taken by those opposing the bills in this house.

There has been an indication of united action by members of the Conservative, the C.C.F., the Social Credit and the Liberal parties. Hon. members of those parties have considered it their duty to express their opinions with regard to the protection of

Canadian natural resources and Canadian interests. We have a perfect right to do that as representatives of the people.

Strangely enough, just yesterday I was talking to a person who had recently come to Ottawa from Washington state. These pipe line bills are of considerable interest to the people of Idaho and Washington because the introduction of gas and oil from Canada will mean a great deal to the development of industry in those states. I am speaking only from information given to me, but I think what I have been told indicates that we should be careful in giving these wide powers to these companies.

The newspapers in Idaho and Washington have published maps which show the wide distribution that is to be made of these natural resources to the cities, towns and small communities in those states. Not one of those maps I am informed shows the pipe line returning to Canada to serve Vancouver and our coastal cities. This bill is most important to the people of the interior of British Columbia as it provides for the transportation and exportation of natural resources in the form of oil and gas. In addition you will find on examining the bill that it confers very wide powers on the company concerned, the holding of lands, the building of pipe lines, the operation of air services, and telephone and other communications. In fact the privileges granted to this company, if the bill is adopted by the house, are so wide that they are causing some of the members from British Columbia serious concern.

Before proceeding to deal briefly with my argument—and I am not speaking for the sake of holding up the bill—I must say that I think we made a mistake when we passed the general pipe lines bill last session, and the other bills associated with it. They were introduced during the latter part of the session and did not receive sufficient attention. I am quite sure that many of the members who supported the pipe lines bill did not visualize for a moment the export of gas into United States territory before serving Canadian requirements fully. I am quite sure that aspect of the situation was not given consideration when that measure was passed.

I think the time has come for us to give earnest and careful consideration, as the minister mentioned, to these pipe line bills. What we do at this time may mean much in the future to the advantage or disadvantage of Canada. At this time I wish to emphasize the point of view of members of the C.C.F. group with respect to a measure of this type. We favour the operation of pipe lines as a public utility. We believe they should be owned by a crown company, and operated by the crown in order to ensure the fair distribution of gas for industrial and community development and domestic use. This is a new development which will be considerable in the future, and I think the profits will be large in the days to come. We should therefore ensure that the profits made in the distribution and transportation of these products will be returned to the public exchequer.

We are often told that the capital cannot be found in Canada to develop such huge undertakings. I understand these projects will cost from $100 million to $125 million. In my opinion that is not a large sum of money for the Dominion of Canada to invest if the pipe lines were organized under a crown company. I think we would be protecting Canadian consumers. We would have complete control over the transportation and fair distribution of the commodity, and the state would reap the profits. That is not the policy of the government. Their policy is free enterprise. They do not believe in the public ownership of pipe lines through crown companies. Therefore, not finding it possible to have our ideas given effect to by this parliament, we feel it is our duty to do the best we can to protect Canadian interests under the existing situation.

First we are opposing the bill—and I am speaking particularly of the hon. member for Yale (Mr. Jones) and myself—because we believe the route to be followed should be stated therein. If the sponsor of the measure wishes to see it passed readily by the house, all he has to do is to rise in his place and assure members of the house that an all-Canadian route will be followed before the entry of the pipe line into the United States. I realize that under the Pipe Lines Act parliament has given authority to the Board of Transport Commissioners for Canada to decide such questions, but it is my contention that in such an important matter, and in view of public opinion as expressed by the people at the head of the lakes, parliament should at least decide the approximate route that the pipe lines should follow. I believe we should follow the procedure adopted in granting charters to railways when we grant incorporation to companies which are going to transport gas or oil. The routes which it is intended the pipe lines should follow should be designated and approved by the house.

Second, I believe Canadian needs should be met first before any export of oil or gas from Canadian soil is permitted. There is no guarantee to that effect in the bill. Third, I believe the house should be fully informed as to the persons who are financing this company. We see mentioned in the bill various solicitors and persons of the city of

Toronto and other places, but that does not give to the house real information as to the individuals who are financing the company. I am opposing the bill at the present time, and I am supporting the amendment moved by the hon. member for Broadview (Mr. Church) until I am assured that an all-Canadian route via the Kettle valley, Hope, and then down the Fraser valley to Vancouver will be followed so that the coastal cities and the interior of British Columbia will be assured of service first.

If the proposed United States route is adopted it will mean that the pipe line will, from our present information, traverse only a short distance in the eastern portion of British Columbia before entering the United States at Kingsgate and give first service to United States industries and communities. Large sections of the southern interior of British Columbia would, if that were the case, be denied the advantages of this gas and oil. As I said before, in my opinion Canada's natural resources should be used to develop Canadian industries and Canadian communities first. There is great need for the development of secondary industry in the interior of British Columbia. In fact it is the primary need to bring our economy into a proper balance. I am sure the minister will agree with me on that. The boards of trade of Trail, Nelson, Penticton, Kelowna and all the smaller interior communities, the farmers' organizations and co-operatives, in fact all public-spirited bodies, are most anxious to see the development of secondary industry in the interior of British Columbia.

For that reason members from British Columbia intend to do all they can to assure the availability of these natural resources to the interior towns and communities for the development of the necessary secondary industries in the Kootenay, Okanagan and Fraser valleys. Then again, if the pipe line is routed through the United States it will mean that the greater part of it will be under foreign control. There is no question about it. Once it enters the United States they can determine the destination of the line. A branch line from the United States to Vancouver and other Canadian coastal points will mean the possibility that they may not receive all the gas they eventually will require for industrial expansion and domestic use. I think that is a very undesirable feature of any proposal that these pipe lines should first enter the United States and then return to Canada. I think it also stands to reason that, as Vancouver and the other coastal cities will be at the end of the pipe line, the cost will be higher to them on that account.

Before concluding I wish to deal briefly with what I consider are the advantages to Canadians and to the people of British Columbia of an all-Canadian route. If the pipe line follows the valleys of the Kettle and the Fraser to the coast, the gas or oil exported therefrom will include charges for transportation. Therefore I am of the opinion that a very much larger amount of United States funds would be payable in Canada than if the gas and oil were exported to the United States at some point before the line went far into British Columbia. Again, the construction of nearly 900 miles of pipe line in my province, if an all-Canadian route were followed, would mean the employment of a large number of Canadians; and I believe we in this house should consider that point. It would also mean immense markets for Canadian materials, for Canadian steel, pipe, valves, fittings, compressors, cement and lumber; and a large market, while the line was being built, for Canadian farm commodities. I believe those facts have to be considered seriously. All those expenditures would be lost to Canada if this line did not follow an all-Canadian route. Later on the maintenance of 900 miles of pipe line would mean a continuous and large expenditure which would provide permanent employment for many Canadians and an assured market for large quantities of materials. The construction of nearly 900 miles of pipe line on Canadian soil would return large revenues to the province of British Columbia in the form of sales tax during construction and by way of other taxes after the line was completed. Speaking as a British Columbia member I believe we certainly must give consideration to that fact.

In view of my firm belief that Canadian natural resources should be used first to develop Canadian communities and Canadian industries; in view of the fact that we must first consider employment for Canadians, markets for Canadian products and revenue for the Canadian exchequer, all of which will flow from the development of Canadian natural resources within Canada, it is my intention to support the amendment proposed by the hon. member for Broadview (Mr. Church).

Mr. E. G. Hansell (Macleod): Mr. Speaker, this is the first time I have had anything at all to say on these bills incorporating companies to construct pipe lines. I must say I support the view just expressed by the hon. member for Kootenay West (Mr. Herridge). That is quite a concession, because I seldom support a socialist in anything he proposes. However, the hon. gentleman and I are good

friends, and since he has thrown in the sponge with respect to pipe lines being socialized, I can support him now.

I support what he has said with respect to an all-Canadian route. I do so not because I particularly want to speak on the matter but because on the train on my way to Ottawa I had quite an extended conversation with an Alberta oil executive, who expressed the view that the pipe line should go through the Kettle valley, following an all-Canadian route. His position was that there was no reason why the larger cities in the north-western United States should not be supplied by the same pipe line. He went on to explain, though it really does not require much explanation, that if the pipe line ran through the Crowsnest pass, Kettle valley and the Fraser valley, it would provide oil and gas to many small communities along the way. Some of them are not so small; some are growing rapidly. There is the city of Nelson, which is a growing community. I was there this summer; I am not quite sure what the population is, but it is quite a nice little community. It is not far from Nelson to Spokane, which is a large city in the state of Washington, and it would not be difficult to construct a feeder line from the all-Canadian pipe line to Spokane, the largest city until you get to Seattle. Then it would not be so very far from the pipe line running through the Fraser valley down to Seattle. So it would be quite reasonable to have the pipe line follow an all-Canadian route to supply our own communities with oil and gas, and at the same time construct feeder lines to these larger cities to the south.

I certainly support the very reasonable request that has been made by the hon. member for Kootenay West, that the sponsor of this bill should say now what route it is intended to have this pipe line follow. Of course that does not mean very much, either, even if we have the assurance of the hon. member who is sponsoring the bill. Unless there is something in the bill itself, any assurance that may be given is not worth a great deal. I do not mean to cast any reflection upon anyone who may give an assurance, but business is business; and after the assurance is given, if it is considered wise to have the pipe line follow some other route, that will be done.

Before I resume my seat I want to say to the Minister of Trade and Commerce (Mr. Howe) that I do not think he scares anyone when he accuses any group or any individuals of creating a filibuster. I am rather charmed with the word, and I do not mind a bit being party to a filibuster. I have been in this house long enough to know that, even on a measure of this kind, if a minister of the crown can gather enough support through the party machinery there is not a ghost of a chance of that measure being defeated unless we want to exercise the only prerogative left to us in that case, and talk it out. To some that may appear not altogether ethical; but if we are so convinced that the thing is wrong and we do not want it to be done, no minister of the crown is going to scare any of the members by saying they are creating a filibuster.

Mr. G. A. Cruickshank (Fraser Valley): Well, Mr. Speaker, I have had a little publicity out of this. I have been accused of organizing a filibuster, according to some newspapers. I did not know I had sufficient influence to control such independent members as the hon. member for Vancouver East (Mr. MacInnis), the hon. member for Calgary West (Mr. Smith) and a few others. I am rather flattered to be accused of organizing a so-called filibuster. That seems rather peculiar to me when I recall that the sponsor of one of these very bills spoke for forty-one minutes to talk out a certain bill. You can check that in *Hansard*; I remember because I have now become one of the old-timers in this house. I did not know until tonight that the government was interested in this bill. I am going to tell you the reason why I am interested in it. Last year I sponsored a bill on behalf of the Westcoast Transmission Company whose directors are the wealthiest and most responsible and reliable men in the province of British Columbia. These men did not try to influence me in my stand on the matter. Two of the directors of that company were in Ottawa last week, and neither of them saw me.

The people of the province of British Columbia are interested in the matter, at least some of us, and I am glad some of the C.C.F. members have spoken on the subject, first as Canadians and secondly as inhabitants of British Columbia. We have no desire to start dissension between the east and west. We want no favours or concessions from the east, nor do we want, and particularly through you, any concessions to certain members from the east at our expense. We are trying to build up British Columbia. Apparently some members have never heard of that attempt. Within the last week, natural gas wells have been brought into existence. Some members have apparently never heard of that, but they should keep abreast of what is happening in Canada. Never mind the United States. I was born in the United States; I have every pride in that country; but I am a Canadian first, last and always.

I was glad to hear the minister say tonight, and I want to be corrected in this if I am wrong in my understanding, that no matter

what company has the charter gas will not be exported until after it goes to Vancouver. Am I correct in that?

Mr. Howe: That is correct. I said Canada's present and future needs would be provided for before any export is permitted.

Mr. Cruickshank: I am glad to hear the minister say that. From that it is obvious that, no matter which company gets the charter, the route will be an all-Canadian route.

Some hon. Members: Oh, no.

Mr. Cruickshank: Some of my friends who are not experienced in the law should study it. Once gas or oil is exported to the United States, it becomes an international matter. Neither Canada nor British Columbia has any say whether the surplus will be allowed back into Canada from Seattle. Hon. members can check on that point if they wish. The power situation in Ontario is a case in point, as I believe the leader of the opposition knows. Once these products get over to the United States they become matters of international concern, and Canada cannot say whether the surplus will be returned. The question has to be decided on an international basis.

The United States is a growing country. How do we know there will be any brought back? I should like to repeat what the member for Kootenay West (Mr. Herridge) said; if you took a vote in the province of British Columbia today you could not get 18 people to vote for the route through the United States. Here are two companies, and I have no doubt one is a good company and the other is backed by pure promoters. I have no doubt one company is bona fide. There are 18 members from the province of British Columbia now, and for the first time British Columbia has the proper representation. There are at least 12 Liberals out of the 18 members. Neither of these companies could get a sponsor for these bills from amongst the 18 members. One had to be sponsored by a member from Ontario and the other by a member from Manitoba. Is it not quite obvious from that what the people of British Columbia think of those companies?

In my riding, I do not have to curry favour or make threats. The people of my riding will tell George Cruickshank what they think of him when the next election comes. I am not worried half as much as some people here should be about the results in their ridings. I know what the people of British Columbia think.

I should like to point out a few facts in connection with this matter. I pointed out that the Westcoast Transmission Company has invested hundreds of thousands of dollars of their own money, not any promotional money, in exploring routes and developing the natural resources of Canada. That company has deposited with the government of Alberta approximately $600,000. To some people in the east $600,000 means nothing, but to the people from the land of the Stampeders $600,000 is a lot of money. I sponsored this company simply because it proposes to build an all-Canadian route. The company has $3 million in reserve to develop and exploit the oil and gas resources of the Dominion of Canada. They are not fly-by-night promoters by any manner or means. The company has the money available to build these lines.

It has been estimated that it will probably cost $170 million to build the pipe line no matter which company builds it. The money will be raised in Canada and the United States. It will be raised by any one of the incorporated companies in exactly the same way. Someone has said something about forty minutes, and I hope it was not a member from British Columbia. I will take my stand right now and vote on the matter as a British Columbia member. Just to show who these people are who are in the Westcoast Transmission Company, may I give you the names of some of the companies in the group. There is the Pacific Petroleums Limited, Calgary, which is a subsidiary. The Peace River Natural Gas Company Limited; Sunray Oil Corporation of Tulsa and Los Angeles—I wish some of my friends would check on these companies. There is the Pacific Western Oil Corporation of Los Angeles and the Tide Water Associated Oil Company of San Francisco. All of these companies have several hundred million dollars behind them. They are the companies through which the Westcoast Transmission Company will finance the undertaking.

Then, there is Eastman, Dillon and Company of New York. Even some of the junior members from Ontario should know whom that company represents. Some of them may have heard of the Morgans of New York. I am not trying to talk this bill out, but I could easily do so if I wished, since there is only ten minutes left. I do want to put on the record what the attorney general of the province of British Columbia said about these pipe lines when he appeared before the board of transport commissioners. Surely the attorney general of British Columbia should have some standing. He said:

> Mr. Chief Commissioner and Mr. Assistant Chief Commissioner and commissioners of the board: The government of British Columbia is very, very strongly supporting the proposal to export gas from northern Alberta through British Columbia to Vancouver.

We feel that it would be a great step forward in the development of northern British Columbia,—

I am surprised now that we have not heard something from northern British Columbia.

—and we are in duty bound of course to make the representations because we enjoy a franchise from the people of British Columbia in the last election to start a survey for gas.

Now, I had hoped before making any special submission that I would have had an opportunity of listening to the evidence that will be presented on behalf of this applicant as to their financial possibilities and as to their plans and so on. All I can say now is that we generally support the proposal to export gas in this manner.

If I may make a few observations as to the points I consider should be mentioned,—

Do not forget this is the attorney general of the province of British Columbia speaking. His government was just returned with the strongest mandate that any government has had for many years. This is the attorney general's submission to the board of transport commissioners.

—if you first have a permit to operate, I am afraid if that decision is taken it will be a very, very long time before we will ever carry out the proposal which our government had in mind, that is to export through this particular territory. That had the advantage of not only opening up the northern part of British Columbia, it comes down through some sixteen I think very important constituencies in that province, but it also had the advantage that it would lead to the development of our own oil reserves in the north,—

I want to repeat that: "our own oil reserves in the north". We have every reason to believe, and I am quoting the premier of my own province, that we have in northern British Columbia oil resources equal to those in Alberta; we have every reason to believe that in our own northern British Columbia we have coal resources unequalled anywhere else in Canada. Should we not develop those resources? To continue the quotation:

—because we feel we have a great potential oil and gas field in northern British Columbia as they have in Alberta. We have very sound reasons for that. We had the report of geologists and our own investigation. We felt that if this pipe line was built in the manner that is suggested that we could look for the development of gas lands in northern British Columbia, the gas to be picked up on the way. So that this is very—

The Chief Commissioner: Is there some development there now?

Hon. Mr. Wismer: There is some development going on, some slight development going on. But we feel that would be accelerated.

I want to point out to the board this, that you have an entirely different situation in northern British Columbia and northern Alberta than you have in southern Alberta. There you have towns, you have a market for your gas, and that undoubtedly has been a factor which influenced companies in spending their money for the production of gas. But in the north if you must wait to find the amount of gas which will comply with the requirements of the Alberta government I am afraid we will wait a very long time, because what company or what individual is going to spend money exploring to find out if the gas is there unless there is a market? I mean we have the same situation in regard to oil. The first thing any company would ask, or any investor, would be to say "What are we going to do with it after we find it?"

Through you, Mr. Speaker, I should like to say a word to the house about all these various little settlements that are mentioned by the hon. member for Kootenay West (Mr. Herridge), before I go on with what the attorney general had to say. We have heard it said, and we presume that it was meant seriously, that it was the desire of our great leaders to decentralize industry and to build up the smaller communities where the labour situation is easier and the living costs are less. As I understand it, we have today a committee of this house visiting a certain plant. If war should come it is a most essential thing to Canada that we should have our industry decentralized. How can we do it if we are to place in the hands of what has been called a monopoly greater difficulties in bringing this about?

The best speech made on this subject certainly was not made by any member of the government. It was made last year by the hon. member for Comox-Alberni (Mr. Gibson) who said—and I am speaking from memory now—that he was surprised that the directors of the Canadian National Railways had not taken more interest in this matter, and that they should have developed this resource, not any private company. But it was obvious to everyone that you cannot have some five or six companies operating. It would not be possible to finance them; and to finance the operation, it could not be possible for them to construct five or six lines across Canada.

Just to surprise some of my junior friends, let me say that I am not going to talk until nine o'clock.

Some hon. Members: Hear, hear.

Mr. Cruickshank: There are other members who can go on talking until then. I am speaking on the amendment. I have plenty of chances to speak on the two main bills.

Some hon. Members: Carried.

An hon. Member: Go on and finish.

Mr. Cruickshank: I am getting a little bit of assistance from some of my friends who apparently have never seen the west, let alone taken any interest in it. I am disappointed that there are not more of my friends from the province of British Columbia here tonight. If there were, I would be delighted to have a vote on this matter right now. It is exactly nine o'clock now, and I move the adjournment of the debate.

Some hon. Members: No.

Mr. Mitchell: It is not nine o'clock.

Mr. Fraser: There is one minute more.

Some hon. Members: Question.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Some hon. Members: Carried.

Motion agreed to, and debate adjourned.

Mr. Speaker: It being nine o'clock, the house will resume the business which was interrupted at six o'clock.

NATIONAL HOUSING ACT

AMENDMENTS PROVIDING FOR JOINT OPERATION OF HOUSING PROJECTS AND LOANS TO HOME OWNERS

Mr. George Prudham (Edmonton West): First of all, Mr. Speaker, I should like to congratulate the hon. member for Halton (Mr. Cleaver) on a most constructive speech. In my opinion, housing is the greatest national problem we have in Canada today. We have other national problems such as social security, full employment and national health but in one way or another they are all related to the housing problem. A man might have a steady job, adequate insurance and pension for old age, but if he has not a decent place in which to live and raise his family, he has not social security.

Inadequate and overcrowded housing is the breeding ground of physical disease, mental disease and social disease in that it has a bearing on juvenile delinquency and crime. A housing program of sufficient volume to meet the needs of the Canadian people is and always will be a stabilizing influence in the over-all economy of the nation. While the wages paid in the construction industry are not large, they are largely spent for the necessities of life and almost immediately find their way into local trade channels. The present housing crisis is partly the aftermath of the war, but it had its beginning, in my opinion, as far back as twenty-five years ago. Following the first great war the radio and the automobile were developed, accompanied by instalment buying, or pay-as-you-go financing.

We needed more and better housing in the 1920's, but this was not considered to be a social problem; it was one for the individuals concerned. We had not yet learned to blame our troubles on the government. The automobile and the radio captured the imagination of the buying public, and the result was that a large percentage of the purchasing of that generation was diverted to channels other than housing. The buying public always call the tune and get what they want. The result was that there was little technical improvement or advance in housing methods or in the planning of housing during the 1920's. With the economic breakdown and depression, the housing industry practically went out of existence. The government of the day told us to tighten our belts and to go back to the farm. A large-scale housing program at that time not only would have provided a great deal of employment but would have created a great national asset in the form of housing, from the lack of which we are still suffering today. The government of the day preferred to pay direct relief which had no lasting result but to increase the national debt.

I do not think that progress in housing stopped entirely during the 1930's. It was during that period that insulation, improved plumbing, improved electrical equipment and many other technical advances were developed. But in so far as the general public was concerned, it meant little because they could not afford to buy. The automobile, which is always an expensive luxury, and a fast depreciating asset, became the Bennett buggy. With the change of government in Ottawa there was a change for the better, and with the passing of the Dominion Housing Act, and later the National Housing Act and the Home Improvement Loans Guarantee Act, the industry began to improve, especially in the provinces where local governments were willing to co-operate.

In my own province of Alberta the National Housing Act did not become fully operative until 1944. At the beginning of the war the building industry was mobilized for the war effort. Supply industries and all available manpower were conscripted to build ships, barracks, factories and houses for war workers. For obvious reasons there was very little civilian housing built during the war.

At the end of the war the government felt obliged to provide shelter for returning veterans, a large number of whom had married. Large sums were spent and in some localities every available building was converted to temporary shelter. The operations of Wartime Housing Limited, which was incorporated in the first place to provide housing for war workers, were extended into peacetime. This same agency has operated to provide emergency shelter for veterans in areas where the need was most acute; and I believe it has done much to relieve the pressure which might otherwise have become explosive.

At the end of the war the building industry and the lumber industry were still geared for war production. Like other industries they took some time to reconvert to peacetime needs. That time lag, together with the unprecedented demand for materials, has caused serious shortages which have plagued

the industry ever since the war. It is only in recent months that the supply of materials has anywhere nearly met the demand.

In spite of the shortage of materials the house building industry has made a remarkable recovery. We in Canada have built more houses, on a per capita basis, than any other nation in the world for which we have statistics, including Great Britain and the United States. Our standard of housing has greatly improved. The houses of today are planned for convenience and use rather than for appearance. A modern house is insulated, kitchens are modern, electrical installations are elaborate, and plumbing has been greatly improved.

The saving in interest rates alone, the 4½ per cent under a National Housing Act loan today, as compared with 7 per cent which was common before the war, accounts for a saving of approximately $10 a month on the purchase of a $6,000 house over a twenty-five-year period.

Our national income is at an all-time high. It has more than doubled. Employment is more universal than ever before. Today's construction costs are high; but considering the improvements in housing, the saving in interest rates and the high level of employment and income, I believe the average Canadian is better able to pay for housing at today's costs than ever before.

The housing industry in my opinion is just as efficient as any other industry or profession. The costs have not risen any more, comparatively, than they have for food, or any other costs of living. We are suffering from the war, and the depression which preceded the war. During the depression few if any young men entered the building trades for the simple reason that there was no work for them. Also the trades did not pay enough to warrant young men making it their life work. Even today a lot of people think that building workers are overpaid, but I contend they are not. Owing to the seasonal nature of the work the average building worker does not make much more than $200 a month. If that is too high a salary, then they are overpaid. The average weekly wage rate in the construction industry as at the end of July, 1949, was $43.23 per week.

Soon after the war many young men entered the building trades, and as they acquire skill the over-all efficiency of the industry is improving. The availability of labour-saving power tools and the introduction of new materials and techniques will from now on be a factor in increased production as well as in the reduction of costs.

Many who criticize today's increased costs are prone to forget the great improvement that has taken place in housing. Also they forget that pre-war housing was produced at very low wages, and if we are to revert to 1930 prices we will also have 1930 wages, with the accompanying unemployment and breadlines.

Home ownership has a stabilizing influence in the family life which is reflected in the community and in the national life. In my opinion it is the best hedge we have against communism. This is evidenced by the fact that in countries where communistic governments gain control the first thing they do is to liquidate property holders. Food, clothing and shelter are the three necessities of life which we cannot escape. We must pay for them. Food and clothing are completely expendable, but not necessarily shelter.

We pay for our landlord's house, or we pay for our own. If we live in a subsidized house we pay for it partly by taxes. Home ownership has the added advantage that every monthly payment adds to one's estate. By wise purchase rather than renting the cost of shelter becomes a profitable investment. All the purchase of a house actually costs is the down payment. Monthly payments for principal, interest and taxes under the National Housing Act are in most cases less than rent for similar accommodation. Added advantages are the building of an estate, security of tenure, and the other satisfactions including pride of ownership.

There are those who advocate subsidized housing and government-owned rentals. Subsidized housing is a negative approach to the problem. It is in effect subsidizing low wages. I believe Canada can provide an income for all able-bodied persons who are willing to work, an income sufficient to provide the necessities of life, to raise and educate a family and to provide shelter for that family.

Subsidies must come from taxes. Taxes come from the working population, directly and indirectly. If the majority in the country are in need of subsidy, as hon. members of the C.C.F. would have us believe, then it is only a matter of time until we would all be pulled down to the same level. I do not believe that the young people of this country want subsidies; all they want is a chance to help themselves.

In my opinion it should be made possible for young people to begin the purchase of their homes when they first form their families. In my experience as a builder for years I have found that the average person buying a house was in middle age. The reason for that was that it took him that long to save the money necessary to finance the down payment. Children of these people were usually in high school. The result was that they had the maximum use of their new homes for only six to ten years, until the

children left home. The children went out to support their own families and had to go through the same process of living in undesirable quarters. The net result then, and the same applies to some extent today, was that the average citizen spent his early childhood and married life under unsatisfactory housing conditions.

There are those who say that the financial risk of a home-ownership scheme is too great, but I say it is very small. The loans will be secured, first by the building, and second by the credit of the young people of this country. If those two securities are not good, then there is nothing of value in this country. The urge for home ownership is fundamental. It is natural and instinctive to all creation. Even in England under a socialist government, where only one house in five is produced by private enterprise for private ownership, the desire for home ownership is once more becoming very evident. I should like to quote from the *Overseas Daily Mail*, a London newspaper, of October 8, 1949, as follows:

> Britons prefer to own their own homes.
>
> The building societies year book for 1949 just published shows that during 1948 building society membership increased by 53,000 and now more than totals 4,196,000. Borrowers increased by 23,000 and investors by 42,386. The sum advanced to borrowers during the year, largely for buying homes, was 264,000 pounds, the highest on record.
>
> Commenting on this the book says. The facts lead to the inescapable conclusion that in spite of the lavish sums lavished on public authority housing, the average citizen of this country prefers to own his house and is willing to pay for it if he is given a chance.
>
> Building societies have been most successful for the last 100 years in England enabling hundreds of private citizens to purchase their homes built by private contractors and through private enterprise.

I would say to those who defend the system of government-owned rental housing that that also has many evils. In the final analysis it is the same system as that used in Russia and other communistically inclined countries. I think it should be used here only in cases of emergency. To my hon. friends of the C.C.F. and others who advocate subsidized housing I should like to tell an old story. A certain farmer was very thrifty. In the fall of the year he and his family gathered vegetables and fruit and brought them into the basement for use by the family during the winter months. Being thrifty they gathered up all the cull and windfall apples and the family were instructed to use those first. They did this and the cull apples lasted during the fall. Then when they opened the barrels of good apples they found that the top layers showed signs of decay. Being thrifty the farmer instructed them to use the decayed apples because they could not afford to waste them. Being obedient the family did so, but by the time they reached the next lot of apples they found more signs of decay. The final result was that while the family had apples all winter, they used only decayed apples.

Subsidies work in the same way. If you subsidize the lower strata at the expense of the other taxpayers, it is only a matter of time until they will all need subsidies, and then what do we do? I recognize of course that there are those who because of extreme misfortune, physical disability or old age are unable to help themselves and therefore must receive assistance from the state. But as a general policy, and considering the fact that the production of houses is limited by the capacity of the industry to produce, I believe we should concentrate first on the great middle band who are able and anxious to help themselves. If and when we satisfy the needs of this great middle group it will be time enough to consider subsidies and slum clearance, except in cases of extreme emergency. I believe there are still some emergency areas in Canada where government action will probably have to be taken.

By concentrating first on the middle band, a large number in the lower income strata can be lifted and assisted to help themselves. If we concentrate first on those in the lower income band and assist them by means of subsidies, which must be paid by the taxpaying public, there is every danger that a large percentage of those in the middle band will be discouraged and forced into the lower group and will themselves become eligible for subsidies.

I believe we have only two alternatives. First, there is the positive approach to the problem which places the emphasis on home ownership, even with small down payments, and which will enable people to help themselves, with the government assuming the risk of having to subsidize such a scheme only if and when we run into a major depression and purchasers are forced into default. The other alternative, which is the negative approach, is to provide subsidies now rather than take a chance on the future.

Let us review the situation as it exists today. Employment and income are at an all-time high, but wartime savings and gratuities are largely spent. Because of the high level of prosperity we have an unprecedented demand for separate housing accommodation. People are no longer contented to live in shared quarters. Because of the high level of prosperity the marriage rate is at an all-time high and the new family formations alone almost equal our present production of houses. There is a decided trend and desire

on the part of young people to marry young and raise a family. The first thought now seems to be a home rather than an automobile.

The mechanization of farms and the prosperity of the agricultural industry have caused a large exodus from the farms to urban centres. We have a large backlog of need as a legacy from the war and pre-war years. We are becoming socially conscious and greater attention is now being paid to public health. Because housing is a social as well as a physical problem, all levels of government have a responsibility. Our building supply industry will soon be normal and competitive and many new materials are being introduced. Our labour force is greatly improved in skill and numbers since the veterans have become re-established in civilian life. Also many new labour-saving tools and techniques have been introduced in recent years.

Central Mortgage and Housing Corporation has compiled much data on housing and is conducting research on materials and methods and planning. Research is one activity of Central Mortgage and Housing Corporation that I should like to see expanded. Research has paid off in agriculture and I am convinced that it would pay off in housing. At this time I should like to pay a tribute to Central Mortgage and Housing Corporation. They started from scratch not many years ago and they now have a most efficient organization. There has been a good deal of criticism by hon. members to my left about certain housing projects that went bankrupt. I think we ought to review the record. Only one per cent of the builders operating under the integrated housing scheme have gone bankrupt. Only eight builders out of six hundred have got into trouble and only 120 houses out of 14,000 units are involved. The 120 purchasers involved all have their houses completed or have received back their down payments.

As I mentioned before, the building industry practically went out of existence during the thirties and it did not have a chance to get back on its feet during the war.

When Central Mortgage and Housing Corporation was given the job of administering the National Housing Act they did not have much of an industry to deal with at the start. I know for a fact that they have encouraged many people to enter the industry and have given them technical advice and help in planning. In my opinion we would not have been able to produce the number of houses we have without the well organized efforts of the Central Mortgage and Housing Corporation. The officials of the Central Mortgage and Housing Corporation were not the only people who were fooled by some of these builders who started in without sufficient experience or finances. The particular housing project in Calgary, which the hon. member for Bow River (Mr. Johnston) spent a great deal of time talking about the other night, received a loan of $13,000 from the Alberta government credit house just one month before they ceased operations.

The only way to meet the need is to build more houses. Talking does not help very much. The production and processing of materials and the necessary financial arrangements to get the finished product into use is the only solution. The industry must co-operate and respond to the challenge to produce houses for people of moderate means under the threat that if they do not do so the government has the option of participating in construction for sale or rent. Labour plays an important part in industry, and it is my opinion that labour unions should consider working a forty-four hour week while the housing emergency exists rather than the forty hour week which is common today. Now that materials are becoming more readily available, the additional four hours of work per week by the building workers could boost the over-all production of houses by as much as 10 per cent, and no one would be hurt. The workers themselves would benefit from the additional wages, and they would also benefit from the more adequate supply of housing. Tradesmen and the working classes are suffering as much as anyone else today because of the lack of housing.

The policy of the government was stated by the Minister of Reconstruction and Supply (Mr. Winters) on September 21, and is found in *Hansard* at pages 120 and 121:

> Care would be exercised to see that the operations of the senior governments in this field supplement rather than replace the activity of private endeavour upon which we place the greatest reliance for large volume of house building . . . There is no desire by the dominion to enter the direct construction field.

Again I quote:

> . . . the creation of conditions favourable to a large housing program by private individuals and companies. Only to the extent that housing needs are not being met, is it proposed that the dominion and the provinces will enter the field. It seems to me that only by the co-operative efforts of all levels of government and the house building industry can we maintain our high volume of new residential construction and increase it beyond its present level.

In my opinion this policy is the most practical and sane approach to the problem that we have had. The minister and his assistants are to be congratulated. The amendments are designed to implement that policy, and to make the act broad enough and flexible enough to meet the needs of any province or

municipality. The new legislation is in effect enabling legislation. It enables the municipalities and the provinces to provide utilities and services for new housing developments with the dominion assisting by bearing a large proportion of the cost. The amendments also provide for assistance to public housing projects for sale or rent with the dominion contributing a larger proportion of the costs. The responsibility is on the provinces and the municipalities to decide whether publicly sponsored projects are necessary.

The new legislation is a challenge to the industry and, in my opinion, will provide the necessary machinery for a constructive approach to the solution of the problem. The problem is too urgent and too complex for industry or government to solve alone. Only by co-operative action on the part of everyone concerned can we hope to provide adequate housing for the Canadian people. The reduction in the down payments will bring new housing within the reach of thousands of people, especially the young.

I should like to close my remarks by saying once again that the only solution to the problem is the production of more houses. To ensure this, conditions must be made favourable by the creation of serviced land and improved financial arrangements through the co-operation of all levels of government and the industry. To the members of the C.C.F. group may I say that they are probably sincere in wanting better housing conditions, but I think they lack a practical approach to the problem. Their arguments are largely based on humanitarian considerations, and they forget that the only way to build houses is by the practical application of common sense and skill. To the members of the Social Credit party I suggest that, if they are sincere in wanting better housing conditions, their efforts should be directed towards influencing the government of Alberta to co-operate under this scheme to provide serviced land so that the industry can provide the houses that are needed.

To my hon. friends of the official opposition, who have had so much to say about what the so-called enlightened government of Ontario has done, I would say that housing is constitutionally a provincial responsibility. What the Ontario government has done is but their duty, and I would suggest that if you want to promote more housing, especially in the province of Ontario, you should prevail upon the Ontario government to continue and increase their assistance. The new legislation is intended to supplement rather than replace provincial efforts. Hon. members of the official opposition have spent a great deal of time during the last few weeks supposedly defending provincial rights. It sounds rather strange to hear them finding fault now with the federal government for not doing more in the field of housing, which is a provincial responsibility. In my opinion housing is too important a problem to be tossed around for political reasons.

Mr. Fraser: Page the Liberal government.

Mr. Prudham: What we need is genuine Canadian co-operation regardless of party and constitutional responsibilities. The new amendments to the National Housing Act now before us will provide the necessary machinery for such co-operation.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, the bill before the house is a piece of legislation which can be very useful if it is carried forward in a spirit of co-operation, and if a wholehearted effort is made to bring together the three levels of government that can produce the results that are desired. I simply want to say in passing, in relation to the remarks that have just been made, that obviously the hon. member has not been following the discussion on this subject because the fact is that, in so far as the activities of the Ontario government are concerned, the present legislation merely replaces one part of the existing Ontario legislation, and has been welcomed by the premier of Ontario for that purpose.

I wish to say at the outset that the Minister of Reconstruction and Supply (Mr. Winters) has shown a commendable spirit in dealing with the provincial premiers, which is a change, and offers some hope that there will be a real spirit of co-operation under the bill now before the house. The responsibility in connection with housing is the responsibility of all the people of Canada through their representatives at the three levels of government. As far as the type of housing is concerned and the rules that apply to the actual standards of construction, such matters in the ordinary course of events come within provincial jurisdiction because of the exclusive responsibility of the provincial governments for the municipal laws of the provinces. Nevertheless the bill now before the house does offer the possibility of agreement among the three levels of government which undoubtedly will bring to any consideration of the type of housing the joint judgment and experience of those who have been associated with this work.

By virtue of the fact that a very considerable undertaking has been carried out by the national government and that in the carrying out of that program great experience has been gained, this government will be able to make a substantial contribution, not merely

in the financial support that is offered but in the experience gained in the mass building that has been done under that program. In addition valuable experience will be at the disposal of the provincial governments through their municipal and other departments, such as public works, which in various ways have been associated with this activity. Above all there will be a vast store of experience, knowledge and good judgment in the possession of the municipal authorities, who during the whole development of Canada have been exercising supervision over the types of homes constructed in the urban areas where there is a concentration of building.

This is a challenge to each level of government. It is not only a challenge to bring forward constructive ideas; it is a challenge to act in the common interests of all the people of Canada. Hon. members do not need to be told from any part of the house that this is not a matter with which to play politics. That remark might well be underlined, and not necessarily directed to the official opposition, the socialists or the social credit party, because this afternoon we heard one speech that sounded as though it had reference to some bill this house has not yet seen or heard of. In that speech was drawn a picture of a new heaven and a new earth which certainly is not expressed within the four corners of this bill, and certainly was not in any way prophesied by the Minister of Reconstruction and Supply (Mr. Winters) in his explanation of what this act really contemplates. It may be, of course, that the hon. member was preaching for a call or trying to do a little personal prodding. The fact remains, however, that it would be very unfortunate if any attempt should be made, for political reasons, to create in the minds of the public the impression that this bill contains more than it really does.

This legislation can be the basis for effective, long-term co-operation among these three levels of government which collectively represent our people in all their many activities. That objective will be best attained if no attempt is made to create the impression that this act goes beyond what it really states. As has been very frankly explained by the minister, this is enabling legislation and nothing more, and by itself can achieve nothing except to the extent that, in the spirit of co-operation, the joint action of government at three levels brings together the experience of those who have had to do with these questions, with the common objective of giving the people not only the number of homes they need but the type of homes they need to form a foundation for a healthy, good society.

[Mr. Drew.]

I do not want to stir up the feelings of any hon. members who may not wish to hear what was done in the province of Ontario, but in view of the fact that certain statements have been made I should like to keep the record clear on one point. This is not the first day in the history of Canada that there has been recognition on the part of those in positions of responsibility of the fact that housing is a social need. It is not the first day in the history of Canada that the necessity of giving to the people of this country an opportunity to build their own homes with a small down payment has been recognized by those in authority. I welcome, as I am sure every hon. member welcomes, the possibility of encouraging the construction of homes by reducing the amount required as a down payment; but I do want to remind some hon. members who have seen fit to be rather critical, in a friendly way, of the suggestion that there is any other wisdom or experience than that now embodied in the ranks of the present government, that other efforts have been made, and that there is very good and positive reason why in the case of Ontario, which has been mentioned, as in the case of other governments, vigorous co-operation will be forthcoming. In order that certain statements which have been made today will not remain unchallenged on the record I should like to read an editorial that appeared in *The Legionary* of May 1, 1948, which reviews one earlier attempt—and a not inconsiderable attempt—to deal with this subject. That attempt also dealt with certain aspects of this problem I want to place before the government and the members of the house in my later remarks. The editorial reads:

> Veterans everywhere will acclaim the new housing legislation recently enacted in the province of Ontario to:
>
> 1. Promote the building of more rental accommodation for veterans, by the provincial government undertaking to share with municipalities (within specified limits) costs incurred in providing serviced lots for further "wartime housing" developments.
>
> 2. Encourage the purchase of small homes, by the provincial government undertaking to guarantee approximately $1,000 of the cash equity or down payment required of the purchaser beyond the first mortgage loan, thus eliminating one of the greatest obstacles now standing in the way of home ownership—the inability of the average would-be purchaser to finance a very high initial cash equity payment.
>
> 3. Encourage more efficient building methods, and
>
> 4. Provide assistance for municipalities in slum clearance projects.
>
> Provided municipalities and lending institutions co-operate to the maximum in making this new legislation fulfil its intended purposes, Ontario will in all probability now see a house-building boom of unprecedented proportions, bringing renewed hope for every home-seeking veteran in that province.

In this new housing legislation, the Ontario government is blazing new trails out of which might materialize the long-awaited over-all plan for the successful solution of the housing problem in every part of the dominion which the Legion has been pressing for so hard ever since the war ended.

Now, that editorial in *The Legionary* briefly reviewed the attempt made by the government of that province to deal with the subject. I only mention this now to point out that this is a subject which has been engaging the thought and the concern, not only of the government of Ontario, but of every government in Canada. I feel sure that the Minister of Reconstruction and Supply would be the first in this house to say that he had found nothing but a desire on the part of the provincial premiers to further any effort seeking the effective co-operation of all levels of government to advance the development of housing in Canada.

There is one feature of the Ontario provision which I should like to mention. I have said that the attempt by that provincial government was not inconsiderable, and I think that is a fair statement. The commitment made under this bill in regard to the co-operative plan is approximately $50 million. The Ontario government committed itself to a program involving $35 million, so that it took rather extensive steps to enter this field as far as it could at that time. This bill, of course, goes beyond that in other ways and offers wider opportunities of co-operation which will, undoubtedly, expand as time goes on.

One of the things mentioned in this editorial, and which I should like to put before the house and the Minister of Reconstruction and Supply, is the importance of encouraging the employment of new types of building. I believe that has already been mentioned by the hon. member who spoke immediately before me, and who, I understand, has had practical building experience. He mentioned the fact that new types of construction provide new opportunities for building homes. I imagine that nearly every member has already seen some of the new types of homes that have been constructed but which, for one reason or another, have not been generally employed in these programs. I can think of many of them. I feel sure that the minister has seen a most interesting development on the north shore of lake Superior at Terrace. Within the last three years a new community has grown up out of the virgin forest and today it is a beautiful town with homes that would attract attention anywhere. The cost of those houses was much lower than would have been the case in any urban or suburban development elsewhere, because they were built under one plan with special types of construction and with the actual prefabrication done on the site.

The figures for the cost of construction suggested that those houses were being built and could be sold at less than two-thirds of the price of similar homes in many cities and towns in Canada. I have seen other developments. There is one not far away at Marathon, and I have no doubt there are others in other parts of Canada. With the possibility of radiant heating, with the possibility of metal frames, with new opportunities for insulation and for prefabrication of mass-produced houses, there are great opportunities for lowering the cost and improving the standards of the houses themselves. I would hope that the plans which are made will provide for the encouragement of new developments of that kind.

As the minister of reconstruction doubtless knows, one of the features of the plan to which I have referred was the financial support of new types of construction which demonstrated their practical possibilities. It would be unfortunate if, at this stage, we did not make every possible use of what the builders have learned from the experience of these past years.

There is one feature of this bill which I believe might well be given consideration, and that is the interest rate. Again, I am not putting it forward as a basis of unfavourable comparison, but nevertheless I would remind the minister that under the Ontario provision for reducing the down payment, the loan guaranteed under the Ontario plan was provided at 3½ per cent. As that was on a second mortgage, I do think that the government might give consideration to the possibility of an interest rate lower than the 4½ per cent on the amount that is advanced. It is true that this figure might contemplate the desirability of having a certain safety margin for those cases in which the rental will not be collected.

As I understand, it is the intention of the government to take a calculated risk in accepting losses in construction, and it is for that very reason that provision is made for the joint responsibility of the dominion and provincial governments. Under this plan, therefore, I do not think the interest rate should be fixed at a level which will provide anything in the nature of an insurance fund against the possibility of loss on any of the other payments. I would urge that consideration be given to the lowering of that figure. I point out that, under the other plan to which I have referred, a lower interest rate was charged and is now being paid on some 11,000 second mortgages which were arranged.

I do wish to emphasize this feature of the bill that is before the house. I do not intend to embark on the discussion of a subject which can be discussed on another occasion, but rentals have a bearing on this subject that cannot possibly be overlooked in examining the effectiveness of any plan of this kind. First of all, there is the question as to whether rentals will themselves be at a level that will make the purchase of homes seem relatively attractive.

There is also the fact that a considerable part of the building of homes in Canada in the past has been done for the purpose of investment. Undoubtedly there are landlords whose conduct is open to the most severe criticism. But let us also remember that there are many landlords who, in relation to their tenants, have acted in a manner which the tenants themselves would be the first to say has been fair. Let us also remember who some of these landlords are. Many of them are widows who have been left with homes which are larger than they can use and which perhaps represent their largest evidence of personal security. There are other landlords who have built their own homes while they were younger and then as their family has grown or they have felt that they wanted another home, they have built another house; they have kept the first one and have rented it. These are investments which, under our system, should not be discouraged if that system is to continue.

I hope no one will seek to interpret what I have said as any defence of or excuse for those who have abused the opportunity that has existed on many occasions during the present critical demand for housing. I think it is time, however, that we were all fair enough to recognize that every landlord is not a man or woman of evil design nor is every tenant a saint. In the balance of human experience, in every relationship there are those who present their problems in any of these tasks that must be undertaken. The needs of the tenants must be respected. The right of tenants not to have improper rentals charged under the compelling demand of necessity and the shortage of houses, and also the right of fair landlords to have some assurance of what their rights are as well, should be recognized in dealing with any of these plans. Anything else produces bad results for tenants as well as for landlords.

One of the objections that are expressed to what has recently happened with regard to rents is the uncertainty and confusion which will have its impact on this whole question of housing as well. I am not going to enlarge on that matter at this point, because this subject can be discussed in complete detail on another occasion; but I suggest that it will be well for the government to remember that, in approaching the provincial authorities and the municipal authorities, they are going to be asked what the situation is with regard to rentals. I hope they will be in a position to give a much more satisfactory answer than can be given today, because all over this country now tenants are disturbed and are naturally resentful of what they regard as the complete repudiation of undertakings to protect their rights. Others who thought that they were benefiting in some way are equally confused as to the extent to which their rights are being recognized.

These day-by-day clarifications, which I believe is the official word used to describe them, and which represent new efforts to cure the incurable, are in themselves only contributing difficulties in the way of that necessary measure of co-operation. While on this occasion we cannot go further in reaching any positive conclusion on the matter, may I say that the government would be well advised to start all over again on these rental measures that they have so recently undertaken and to seek to follow a course that can be understood and that recognizes the general obligation, under circumstances of this kind, to treat fairly all those with whom they deal. Then one of the questions that will be raised can be answered, because undoubtedly that question will be asked.

In some remarks that were made today, it was stated that the number of houses will depend upon the attitude of the provincial governments in relation to the municipalities in working out these plans. It is going to depend on the attitude of the dominion government, not only in regard to this particular bill but in regard to the wider field of dominion-provincial co-operation.

The question was raised tonight as to the constant emphasis that is placed upon provincial rights. That comment was based upon an obvious misunderstanding of the arguments which have really been presented. Those who have emphasized the need for dominion-provincial understanding on the widest possible basis have been doing so in the belief that it is essential that the three levels of government in this country ought to know what their responsibilities are, what their ability is to carry out those responsibilities as well. The argument has been based upon the contention that a government cannot carry out those legislative and administrative responsibilities which it thinks it should carry out unless it also knows whether, and

to what extent, it can raise the revenue necessary for that purpose. One of the things that have been emphasized over and over again in this house and outside of it is the need for clarification of the relationship between the dominion government and the provincial governments. Let no hon. member of this house be under any illusion that the tax agreements that have been signed between the dominion government and the—

Mr. Fournier (Hull): You are out of order.

Mr. Drew: I am not out of order, Mr. Speaker.

Mr. Fournier (Hull): Yes, you are out of order.

Mr. Fraser: No, he is not out of order.

Mr. Drew: I am not out of order, Mr. Speaker. Hon. members do not realize that the provincial governments—

Mr. Fournier (Hull): On a point of order, these are amendments to the housing act, and I thought on second reading of a bill one had to speak to the principle of it. There is no question here at all of taxation as between the provincial and federal governments. I hope the leader of the opposition (Mr. Drew) will confine his remarks to the principle of the bill—if I am right in my point of order.

Mr. Drew: If necessary, Mr. Speaker, I shall ask for your ruling. I will point out that this bill has a direct bearing on taxation, because this bill is premised on the requirement that the provincial governments will raise substantial sums which are not provided for now under the tax agreement to which I have referred.

Mr. Fournier (Hull): That is going too far afield.

Mr. Deputy Speaker: I would ask the hon. member to confine his remarks to the housing problem.

Mr. Drew: I am doing that.

Some hon. Members: No.

Mr. Drew: And, Mr. Speaker, I say now that I do not intend to use any carbon copy of any statement handed to me by any member of the government, no matter what any other hon. member in the house may be prepared to do.

The provinces of this country will wish to have an opportunity to carry out this general proposal. But if they are to do so there must also be some way in which they can meet the added obligation that would be incurred by agreements contemplated by this bill. And it is for that reason that it is essential, if these agreements are to become effective, that there be an understanding on a wider field in regard to the taxing powers of the provinces, and their ability to raise the funds that are necessary to assume their part under the agreements contemplated in this bill.

Mr. Fournier (Hull): Still out of order.

Mr. Drew: Well, if I am out of order at least my speech is on *Hansard*.

Mr. Fournier (Hull): On another point of order; I think if the remarks made by the leader of the opposition are out of order it should be ordered that they be struck out of *Hansard*.

Some hon. Members: Oh, oh.

An hon. Member: Always the same speech, anyway.

Mr. Drew: Mr. Speaker, after the humorous interjection of the hon. member for Hull (Mr. Fournier), I now wish to mention another point which was introduced earlier. It is this, that emphasis was placed in some remarks made today on the objective being set. I believe these were the words, "We set an objective; we reached that objective."

Let us keep this in a clear sense of proportion: This is enabling legislation. This is legislation which will best be advanced in the interests of the people of Canada if it does not start with attempts being made to create the impression that the building being done under it will be done by agencies of the dominion government, entirely, or even in a major degree.

The remarks to which I am referring were not those of the Minister of Reconstruction and Supply (Mr. Winters), who has made it clear that he believes that the major building program should be carried out by the building contractors of this country, operating under the broad provisions of agreements that can be made.

The reason I mention this lies in the fact that, if the impression is created that this is a bill only to provide buildings or mainly to provide buildings which will be built by a government agency, it will not receive the support it should receive. Because what the people of this country want is encouragement to those who can buy their homes to build those homes according to their own desires. And it is the duty of the government—and the Minister of Reconstruction and Supply has indicated a full recognition of this—to join in meeting the need for homes facing all our people.

There are too many people in Canada who are still badly housed. There are too many people who even yet can find no homes. There are still too many people who are

badly clothed, and there are too many who are badly fed. But that condition is not going to be met by any single bill or by any simple device. That represents a problem that reaches into the wider field of education, of social services and of all these other things.

Let us be sure that in this particular case the words of the minister are remembered, and that it is recognized that, except for the special plans indicated in his remarks, this mainly contemplates encouragement to private contractors to build homes to be purchased by the people of Canada. And as was pointed out by one hon. member in his remarks today, by the fact that in the very nature of their activities many people move from place to place, it is required that there shall always be a certain number of homes available for rental, quite apart from what we may describe under the over-all expression of low-rental housing.

Having said that, however, I feel sure there is not a single member in the house who does not agree the hope should be that as many of our people as possible are able to buy their homes, and in that way to establish the sound foundation of their family life, with that measure of personal association, personal interest and personal pride in the home that has so much to do with the life that is the basis of our society.

In all this, the success or otherwise of this bill when it becomes law will depend upon wholehearted co-operation among the three levels of government. Let us remember that this government can pass only enabling legislation. But it can contribute experience, and so can the provincial governments; and in the end it will be the municipal governments which, with their services and their various municipal bylaws, will have most to do with any homes that are built.

Above all, in the planning of these projects which will emerge from this legislation, let us do all we can to make sure that in this great and vast country of ours we do assure as much land as is possible for every one of these homes, that we make them as attractive as possible, and that we encourage the very highest and most permanent type of building consistent with the availability of supplies and the money available. Let us do this so that not only may we be providing shelter for today but that we may be providing homes for the years ahead, homes that will really be homes in the very finest sense of the word.

Mr. John Hunter (Parkdale): Mr. Speaker, I shall not trespass long upon the time of the house. However in my riding of Parkdale the housing situation is of a critical nature, and I feel I should make some remarks not only about the amendment but about certain things which in my view the amendment fails to accomplish.

We all know that not so very long ago the matter of buying a house was entirely a man's private business. If he could afford to buy a house, he bought one; if he could not afford to buy one, he did not buy one. No one cared what he did. However, in recent years, as has been stated so repeatedly, it has become clear that housing has become a distinctly social problem. It is realized that poor housing can contribute to overcrowded conditions which bring about disease and ills of that nature. It can create poor marital relations, cause the breaking up of homes and contribute to juvenile delinquency.

The original Dominion Housing Act was passed in 1935. The National Housing Act was first passed in 1938. That act provided for a reduction in the down payment on houses and permitted amortized payments at lower rates of interest. That act proved most helpful and a great deal of housing was built under it. It is interesting to note the tremendous progression in social security trends and thinking that we have witnessed in our own day. With your permission I should like to review briefly the act and the amendments to see just what we have accomplished.

It will be noted that the act is divided into six parts. Part I deals largely with housing for home owners and provides for the usual 80 per cent loan with interest at four and a half per cent and 30 year amortization. The housing corporation's share is not to exceed 25 per cent and the corporation may guarantee to the lending institution up to 15 per cent of their share. Under that home owners part we now have provision for additional loans of one-sixth more if the price is fair and reasonable, and I shall have something to say on that later on.

Under part I provision is made for the integrated housing plan with which I think most hon. members are familiar. As far as I have personally witnessed the operation of this plan, it appears to be available only to veterans, but I would hope that this will soon be extended right across the board. I feel that if the many restrictions which have been placed on integrated housing were withdrawn this would be greatly appreciated by the building industry.

The third part of part I deals with co-operative building. This is an intricate, detailed matter and I do not propose to go into it at all. The terms are set forth in the amendment.

Part II of the act deals with rental housing and some seven different plans are provided. The first is the ordinary joint loan made to the builder who erects housing units for rent. The second is the guaranteed rental plan with which most hon. members are familiar. The rents are agreed upon between the corporation and the builder for a period of three years and are guaranteed for the term of the loan, not exceeding thirty years. The guarantee is not to exceed 85 per cent of the rents which are determined for the first three years.

The third plan provides for the setting up of limited dividend housing companies. Under that plan the rents are agreed upon and there is the usual ratio between rents and the income of the people who are to occupy the housing units. A 90 per cent loan is provided for with interest at three per cent, the term being for the useful life of the buildings or not more than 50 years. This plan is usually carried out by a corporation especially incorporated for that purpose. I have seen this in operation and I believe it is a most useful feature of the act.

The next plan provides for housing for special industries. I have not been in a position to witness the operation of any of these plans by mining, lumbering, logging or fishing companies. The act provides for an 80 per cent loan at four per cent, not exceeding a 15-year term. The fifth part provides for institutional housing corporations and institutional holding companies. This is the scheme whereby the lending institution as designated by the act can set up a low-rental scheme.

The sixth part provides for institutional land improvement schemes. An institution may take over a block of land, thoroughly service it and then offer it for sale to builders. The only advantage to the lending institution which has a guarantee for five years from the government of a return of two per cent is the hope and probability that it will sell land to builders who will obtain loans from the institution. This scheme has been quite successful and I have no doubt it will be used more as time goes on.

The seventh scheme under this part provides for slum clearance, the clearance of what is sometimes called blighted or substandard areas. We have seen this scheme worked out in certain cases. There are not many ridings where slums are a problem and therefore this scheme would be applicable only to a limited number of ridings in Canada. Under this scheme the municipality acquires the land and after clearing it sells it to a limited dividend housing corporation. The dominion government makes grants not exceeding one-half of the difference between the cost of acquiring and clearing and the sale price to the limited dividend housing corporation.

Under part III of the act provision is made for rural housing. The provisions here are similar to those in part I. Under part IV provision is made for home improvement and home extension loans. Provision is made for loans up to $2,500 for single units, and $2,500 for the first and $1,250 for each subsequent unit in a multiple unit scheme. This part has not yet been proclaimed.

Under part V provision is made for housing research and community planning. This provides for the expenditure of up to $5 million on research and community planning. This provision somewhat overlaps the $5 million which can be provided under part III which deals with rural housing. Under this part experiments in plumbing, heating and other component parts of housing could be carried on.

Part VI is the general part which gives very broad powers to supplement the more specific powers set out in the other sections. The amendment section 35 will give additional powers.

I have some suggestions to make which possibly are of a critical nature, but I do feel that some of the provisions of this act will have to be extended. There are many things which are not perfect at the present time. Section 5, subsection 2, provides that the corporation may for the purposes of part III of the act prescribe the manner in which the cost of construction of a house or of a housing project shall be estimated, and by whom and in what manner the appraisal of the value of the house shall be made.

The definition section states that lending value means the estimated cost of construction or cost of conversion, or the appraised value, whichever is less, of a house or housing project. Anyone familiar with the working of the National Housing Act is only too well aware that there is a great distinction between lending value as defined in the act and the sale price or market value. Therefore when one speaks of an 80 per cent loan it will be obvious to every member of the house that it is most important and vital that there be some close relationship between the lending value and the market value. Otherwise the 80 per cent advance may not be of any great assistance in helping people to purchase homes.

I think the act has been administered with great fairness in the past, but I suggest that it will have to be administered with a greater breadth of vision. I do not for one moment criticize the attitude which has been adopted by the president of the Central Mortgage and Housing Corporation. He has been in the

position where he was given an act to administer. He has been told the money is available for loans, and accordingly he has made them. He is a sound businessman and does not care to lose money. If the government fails to provide more housing they must to a certain minor extent subsidize housing in this manner. I feel it has been unfair to put the whole burden on the president of the housing corporation. I think the government might well take this matter under advisement, as they have under part III, and that the government should lay down the policy from time to time in that connection instead of leaving it to the Central Mortgage and Housing Corporation and the officials thereof. I make this suggestion, and I think it might be desirable that a further amendment to the act be passed in the near future to bring this matter directly under the government rather than having it handled by the Central Mortgage and Housing Corporation.

We must administer the act in such a way that the distinction between lending value and market value will be very slight. Otherwise we are not going to give the help to the purchasers of homes that we obviously hope to give. Turning to the additional one-sixth loan which is now being provided under the bill, it will be recalled by all members of the house that this loan can only be made if the purchase price is considered to be fair and reasonable. I am afraid I must take exception to an amendment worded in that fashion. It is my personal belief that to say that the one-sixth loan will only be advanced if the purchase price is fair and reasonable has no relevancy. I cannot see how the reasonableness or unreasonableness of the purchase price has any relation to the loan. If it will make it any easier for a person to buy a house, I do not see that it matters whether the corporation considers the price reasonable or unreasonable. Surely if the purchaser has sufficient money to pay the unreasonable price the government will help him to the extent of extending the extra one-sixth loan and making the house that much more easily obtainable. At the same time the government is not taking any more risk than they would with a normal house.

I have always felt that the important thing to any purchaser of a house is the down payment. I think most members will agree, if they have had any experience in real estate, that it is the down payment that is interesting to the average young married couple, and to many older people. I have always felt that, instead of having the present system, surely the loan should be calculated to help the person to buy the house, and that it would be better to have a graduated down payment in relation to the purchase price. I throw out that suggestion. I have talked to many people about it. Provided that the down payment is made reasonably sufficient to ensure an adequate stake in the house, I think that is something that could well be put into effect. In that case I would agree it might well be advisable to add that the price must be fair and reasonable. For instance, if you say that a $500 down payment is needed for a $6,000 house, a $750 down payment for a $7,500 house, and so on, I think you are getting closer to the root of the problem because it is the down payment that is the killer to the average young married couple trying to buy a house.

I can assure anyone who feels that $500 is a small stake in a $6,000 house, that to any young married couple who are just getting started $500 is a lot of money and a big stake, and that they are going to fight very hard to keep that house.

There is one other suggestion I should like to make. It is something that is coming eventually. I do not think there is any great urgency at the moment, but eventually we will have to amortize houses over a longer period of time. The reason I do not think it is so urgent at the moment is that I have not much doubt that in the next six months or a year all the available labour forces and supplies will be poured into housing in any event, and those houses will be sold. The market will readily absorb them, but I think eventually we will have to amortize these loans over a longer period. It is not only important that the down payment be small; it is equally important that the carrying charges be small. Provided the house is of adequate construction to stand longer amortization, I think it will be entirely desirable. As I said before, however, I feel in the next year all the available men and materials will be used, and that there will be no slackening of the market for houses.

It may be that at the end of another year it will be desirable to re-examine the act to see how it is working and readjust our viewpoint towards it. I can assure the Minister of Reconstruction and Supply (Mr. Winters) that the amendments have my most enthusiastic support. I think they are decidedly a great step in the right direction. I think we will probably find there are some inadequacies, but I have no doubt they will be corrected.

Mr. G. F. Higgins (St. John's East): Mr. Speaker, the matter we are discussing this evening, and indeed we have discussed it all day, is not something in the nature of the principle of *stare decisis* nor even the question of the Combines Investigation Act. It is

a matter which is known and understood and is of the greatest importance, I may say, to all Canadians. The question of housing is one which people from all over Canada not only know, but know to their great cost these days from the point of view of the necessity existing for increased housing units.

I do not think that we can emphasize the matter of housing too much because, if I may use outworn words, housing is of the greatest importance in the making of good citizens not only in Canada but all over the world. Home environment to a very great measure molds the future children of the world. The last outworn remark I might make is that criminal tendencies may very well be developed as a result of poor housing conditions. I think that is realized by all hon. members of the house, and the interest they have displayed in the legislation is sufficient proof of the importance with which they view it.

The bill that we are discussing is, as the minister said when he first introduced the resolution, an enabling act. It gives the dominion government power to discuss with provincial governments, and through them with municipalities and, as he said on September 21, with other public bodies. I take it that "other public bodies" would be bodies other than provincial governments and municipalities such as housing corporations. I hope to refer to that later.

I must say that the bill appears to be a very sensible approach to the problem. Its provisions, read with the act as it stands today, seem pretty conclusive. The only question I have in my own mind is whether it goes far enough. I am not trying to criticize the government in this regard; in fact I disagree with the hon. member for Edmonton West (Mr. Prudham), who referred to hon. members to his left who were criticizing. I considered that what I heard of this discussion was constructive criticism. I do not believe anything destructive was uttered by an hon. member. As far as I could judge anything said even by the hon. member for Eglinton (Mr. Fleming), who spoke at length on this subject, was purely constructive.

The hon. member for Edmonton West referred to one other matter. He said that constitutionally housing was a provincial matter. I must say I entirely agree with the statement by the leader of the opposition (Mr. Drew) a few moments ago that housing is the responsibility of the whole Canadian people. It is not the responsibility of the provinces, of the municipalities or even of the dominion government; it can be solved only by all the people working together. That, I am sure, will be one of the important results of the tour made by the minister before this legislation was introduced. I am quite certain he has put a great deal of work into that tour. He paid Newfoundland a very real tribute by making our province one of his first visits. Incidentally, in respect to the timing of his visit—I am sure it was pure coincidence—he came just before the election, and I can assure you that the Liberal party lost no votes as a result. Nevertheless his visit was very welcome, and from his correspondence with the premier of my province I can see the minister is really getting his teeth into our problem in Newfoundland, and of course the problem of Canada as a whole. I should like to join other hon. members in saying that as far as I can see the minister really is trying to do a job to the best of his ability. We realize, of course, that he has had a hard row to hoe in this matter. I would not go so far as to say, as an hon. member said some time ago, that the minister has been handed a lemon, but his has been a hard job because housing legislation has been before many parliaments. The problem is not new, but as far as we can judge he is really getting down and tackling it manfashion.

I do not want to delay the house too long this evening, but there are a few points on which I should like some enlightenment. There is the matter of slum clearance. On October 31 my confrere the hon. member for St. John's West (Mr. Browne) asked whether slum clearance came within the purview of the act, and I believe the answer was that it was provided for in the general act. But then I saw in *Hansard* of September 21 a question asked by the hon. member for Eglinton:

> In the first place, is any specific assistance contemplated in connection with slum clearance?

The answer by the minister at that time was:

> The sections now in the act with respect to slum clearance are quite clear. I do not believe the statement I have just made is debatable at the moment, but there will be a resolution before the house relatively soon, upon which occasion I should be glad to discuss all these matters.

That question has not been discussed since, and I do not know whether it is dealt with in the act. So when the minister speaks I hope he will refer to this point. I am particularly anxious about it because we have a great problem in connection with slum clearance in St. John's and in fact throughout many towns in Newfoundland. I understand an announcement has been made that construction of some five hundred houses is to be undertaken within the next few months in St. John's. I shall be glad to hear that this is so.

The other matter I am particularly interested in is what is to become of the St. John's Housing Corporation. When the minister was in Newfoundland he visited the corporation and saw something of its work and what is needed. I might just tell hon. members that something like $6 million has been invested by the provincial government and the municipality, and that the corporation now owes some $1 million to the municipality and $5 million to the provincial government. That project includes the most modern housing; it is located on some 800 acres of expropriated land, with a modern sewage system and modern roads. As of October 1 some 240 houses had been constructed and under construction and ten apartment buildings containing 92 apartments, making a total of 332 housing units. Without money that corporation is not going to be able to carry on. This matter was discussed by the original delegation that came here in 1947, at which time a committee was appointed consisting of the Minister of Trade and Commerce (Mr. Howe), Mr. D. B. Mansur of Central Mortgage and Housing Corporation, the premier of Newfoundland and myself. Since I had been connected with the housing corporation I presented a brief on the matter to the committee of cabinet, outlining the work of the corporation since its formation in 1944 and the need for more financial assistance. If I might read from the volume tabled in parliament in December 1947, containing the report of the meeting between the delegation and the cabinet, this reference appears:

> Would it be possible to receive a grant for this purpose . . .

That is, the purpose of the corporation.

> . . . or, if not, could any form of financial assistance be made available to the corporation in the event of union?

The answer at that time was:

> In reply, it was pointed out that under present facilities available there was no manner in which the dominion could take over the position now held by Newfoundland and the city of St. John's in respect to the St. John's Housing Corporation. It falls within the category of a provincial-municipal housing project for which no assistance by way of loans, subsidies or rent reduction funds are presently available from the dominion to a province and/or a municipality.

On that point, as the minister stated, this bill deals with public bodies apart from municipalities and provinces; and I would submit that public bodies might very well include this housing corporation. So I wonder if under this legislation any financial assistance might be given the St. John's Housing Corporation, or what is the plan for the future in that connection. From reading the bill I am not very clear whether or not funds can be obtained under it by the corporation.

The only other matter I wish to stress at this time is the question of providing low-rental housing, not only for all of Canada but particularly for St. John's, because that is the only place I can use as an example. I realize that if the necessity for low-rental housing is great in the place that I know best, it must be even greater in other parts of Canada. I believe provision is made for that in the bill. It strikes me, however, that with the relaxation of rent controls so recently announced there should be an even more intensive effort put into effect a low-rental housing scheme. I shall not transgress the Speaker's ruling by talking about rentals, but if rents are going to have the lid taken off then something in the nature of a low-rental housing scheme must be put into operation at the earliest possible moment.

I should like to mention that I was quite taken with the remarks of the hon. member for Nipissing (Mr. Garland) about rural housing and the fact that no provision had been made in this bill for the promotion of rural housing. It strikes me that is one of the most important phases of the housing situation. If it has been overlooked, it should certainly be included in this bill or a suitable bill covering that matter should be presented. You remember that the old song asked the question "How are you going to keep them down on the farm?" There is only one way you can keep people on the farm and that is by providing rural communities with the facilities that are usually associated with living in a city. It should not be too difficult to provide those facilities. Certainly, I think it is the direct responsibility of the government to provide proper facilities for rural dwellers, just as it is to provide houses for urban dwellers.

I do not see any mention in the bill of veterans' preference. It strikes me rather forcibly that this has always been to the forefront and I do not know why it has been dropped. It would appear to be worthy of consideration, because from the discussions I have had with people in Ottawa the need for veterans houses is just as great as it ever was. I shall conclude with these remarks, Mr. Speaker, so that it will be possible for the minister to close the debate, as he is anxious that the bill go into committee tonight.

Mr. Stanley Knowles (Winnipeg North Centre): Just before the minister closes the debate, I wish to take a moment to say a few words. I shall be brief so that the

minister will have time to close the debate tonight. In what I shall say I may not be adding to what has been said during the course of this debate, but it does seem to me that it is worth while in part to sum up what has been said, and in part to place before the house the objectives with respect to this housing problem.

As I see it, there are three. First of all, and perhaps the most important problem facing us, is the need for subsidized low-rental housing. It is important not just to get the phrase into the minister's statement, but to get large-scale subsidized low-rental housing projects under way at the earliest possible moment.

The second objective which I feel we must not overlook is, to use the words of my colleague the member for Vancouver East (Mr. MacInnis), to realize that getting the down payment reduced to a smaller amount is not enough. The fact of the matter is that a great many of our people could not afford to buy houses today even if there were no down payment. Steps have to be taken to bring down the cost of good homes and to improve the living standards of our people so that they can own good homes.

The third objective which I think should be kept before us, even though it may be a long-range one, is to realize that we have not solved the problem of housing just because we reach a point where every Canadian is under a roof of some kind. For example, I think of the trip that I make when I go to and from the place where I live in this city. When I do not get a ride with one of my friends, I take the 'R' streetcar which goes out Albert street and down Preston street. A good many people live along those streets and I see those houses every morning as I come down here. Those people have a roof over their heads, but it is not satisfactory housing in which at least half of them are living. That is the case all over this country. A tremendous job lies ahead of us. This is a social as well as an economic problem.

We must not think we have solved the problem merely because people have a roof over their head. This is a field in which research can be undertaken and in which new types of home construction are long overdue. I feel that it is one of the most important problems to which we must give our attention. I hope that this parliament, and whatever government is in power during the next few years, will accept it as a major objective to provide good and adequate housing for all the people of Canada.

Mr. Speaker: I should like to inform the house that if the minister speaks now, he will close the debate.

Hon. Robert H. Winters (Minister of Reconstruction and Supply): Mr. Speaker, at this stage I wish to be very brief. I am most anxious that the legislation should pass this house as quickly as possible because, among other things, it will be necessary for most of the provincial governments to pass legislation which will enable them to participate in the dominion-provincial program embodied in this bill. I wish, therefore, to commend all members who have taken part in this debate for the high order of their remarks.

After talking to all the provincial governments I was able to say that, without exception, they realized the gravity of the problem and showed a real desire to come to grips with it. I now can say that all members who participated in the debate fully reflected the attitude of all members in the house in their view of the importance of this problem of housing to all Canadians. I thought we had a very good cross-section of the general attitude towards the problem. It ranged all the way from those who opposed any element of subsidization to those who felt that a full program of subsidization was the important approach to this question.

I should like, of course, to deal in detail with the points raised by the various members, but that would take too long. There was some putting straight of the record tonight with respect to the contribution made to the housing problem by the province of Ontario, especially by the leader of the opposition. Let me be among the first to say that Ontario is to be highly commended for what it has done. There is no doubt about the contribution that province has made. I think it must be said that the member for Eglinton (Mr. Fleming) perhaps somewhat overstated the achievement when he said that the 10,000 houses on which second mortgages were applied were built only because second mortgages were made available. I do not wish in any way to detract, however, and I wish to make that clear. As one example, though, I would refer to the 100 houses that were built in Manor Park, which were completed and fully occupied before the home owners applied for the second mortgage. And he referred to the fact that this government was two and a half years behind the Ontario government in introducing the second mortgage practice of reducing down payment. As I understand it, the act in Ontario was passed in May, 1948, and the first loan was made in August, 1948, which is considerably less than two and half years ago.

I wish to commend especially the vigorous speeches made by the hon. member for Spadina (Mr. Croll) and the hon. member for

Halton (Mr. Cleaver) who, I thought, pointed the way to what can be done by all members of this house and a great many people in this country with regard to a solution of the housing problem. He gave me an opportunity I have sought for some time. I thank him for the remarks he made about the officials of Central Mortgage and Housing Corporation, and would add my own to them, for the splendid service they have given in working on this problem and in adding so greatly to the stock of housing units in Canada today.

One other word I would say is in connection with rural housing. I think the point was raised by the hon. members for Nipissing (Mr. Garland) and Melfort (Mr. Wright) and their point was well taken. They were a bit apprehensive that perhaps existing legislation might not do what it should do for the rural segment of our economy, and one might easily get that impression. I understand there are some 700,000 farms in Canada and, roughly speaking, there is one house on each farm. By and large, new housing is not the problem facing the farmers today; it is a matter of improvements and, in some cases, extensions. Where there is a demand for loans for new farmhouses, those loans, other things being equal, are forthcoming under section 14 of the act. Where improvements are necessary, facilities for borrowing are available under the Farm Improvement Loans Act administered by the Department of Finance. We of course agree with the hon. member for Melfort about the quality of farmhouses which, in many instances, could well be improved. But the fact is that supplies have not been available to promote large improvement programs. That is the very reason why the home improvement section of the act has not been proclaimed so far.

Since the hon. member comes from Saskatchewan, one of the prairie provinces, I will tell him that there is a prairie farm research committee to which the federal government contributes 55 per cent of the finances required and to which each of the three prairie governments contribute 15 per cent. The Central Mortgage and Housing Corporation, the three provincial governments and the three provincial universities have seven major projects under way now for research and development, on problems relating to rural housing. I will tell him also that there is much more on that subject in the annual report of the corporation, and if he wishes additional information I shall be pleased to see that he gets it.

Just before I resume my seat—and I do not wish to dwell any longer on speeches made by hon. members—I would say just one word to the hon. member for Edmonton West (Mr. Prudham) who in making his maiden speech dealt with a subject about which he knows so much from his own practical experience. I want to say to him, and to all hon. members who took part in the debate, how highly constructive I have found their words. I appreciate the attitude they have reflected towards the bill for which we are seeking the approval of the house.

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

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): As was announced some days ago, Mr. Speaker, the Secretary of State for External Affairs (Mr. Pearson) will be here tomorrow and the first order of business will be a motion by him that votes numbers 51 to 70 inclusive in the main estimates, 1949-50, and numbers 766 to 779 inclusive in the further supplementary estimates, 1949-50, be withdrawn from the committee of supply and be 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. If the debate on this motion be concluded before six o'clock, we will move one step forward with Bill No. 149, respecting bankruptcy. I understand this bill has no political significance. It is a technical bill and a long one. I am furthermore informed that it will take quite a long time before the committee on banking and commerce. We should therefore like to have it advanced one stage tomorrow, if possible.

Mr. Fleming: May I ask if it is the government's intention to press this bill to adoption at this session? The Prime Minister (Mr. St. Laurent) indicated that we were aiming at prorogation by December 3. This is a long and involved bill.

Mr. Fournier (Hull): I understand that most of the work on this bill will be done in the committee on banking and commerce. If we can get it before that committee, we shall then have to wait for the report of the committee. If it came back, perhaps we would have a chance to have it adopted. It has been in the Senate for two or three sessions, I believe. It has been modified. Expert witnesses have been heard. If the bill did not pass this session, it would have to go back to the Senate again. We shall therefore do our utmost to have it back from the committee on banking and commerce during this session.

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

HOUSE OF COMMONS

Wednesday, November 16, 1949

The house met at eleven o'clock.

WHEAT

WINNING OF WORLD TITLE BY MRS. AMY GRACE KELSEY, OF ERICKSON, B.C.

Mr. J. A. Byrne (Kootenay East): Mr. Speaker, I rise on a question of privilege to note for the records of *Hansard* the achievement announced yesterday of Mrs. Amy Grace Kelsey, of Erickson, British Columbia, in once again winning the world wheat title.

I know all hon. members will be glad that this title has again come to Canada, and some of us will be delighted that it has returned to British Columbia. Mrs. Kelsey, a resident of my riding, deserves special praise, because this is the second occasion on which this great honour has come to her. It is a pleasure for me to record the congratulations of this house to her upon maintaining our pre-eminence in the production of this our Canadian farm crop of first importance.

PARLIAMENT BUILDINGS

GALLERY OF PRIME MINISTERS' PORTRAITS ON SIXTH FLOOR—MR. ATTLEE

Mr. Speaker: May I inform the house, in connection with the matter brought up by the hon. member for Selkirk (Mr. Bryce), that in accordance with the wish of the house a picture of the present Prime Minister of the United Kingdom is being hung in our halls today. I might point out that this picture was taken by Karsh, and when he sent it he also presented to the house a new picture of Mr. Churchill, which is also being placed among the others on the sixth floor.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 182, for the relief of John Albert Roberts.—Mr. Winkler.

Bill No. 183, for the relief of Leslie Ernest Tulett.—Mr. Winkler.

Bill No. 184, for the relief of Ernest Tonegawa.—Mr. Winkler.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

NEWFOUNDLAND—NATIONAL PARK

Mr. Higgins:

Has any application been made by Newfoundland for the establishment of a national park?

Mr. Gibson (Hamilton West): No. There have been preliminary discussions with officials of the provincial government. One area has been suggested as being suitable for a national park; however, no formal application has been received from the province.

DUNDAS, ONT., POST OFFICE—ALTERATIONS

Mr. Lennard:

1. Are the alterations for the Dundas, Ontario, post office being done on a cost plus arrangement or by contract?
2. If by contract, what is the amount of the contract for the completed job?
3. When will this job be completed?
4. How much money has been spent to date?

Mr. Fournier (Hull):

1. By contract.
2. $36,457 plus additional work amounting to $2,734.
3. About January 1, 1950.
4. No payment to date.

DEPARTMENT OF AGRICULTURE—SERVICES MADE AVAILABLE TO NEWFOUNDLAND

Mr. Higgins:

What services of the Department of Agriculture have been made available to Newfoundland?

Mr. McCubbin:

Division of entomology: research and advice on control of insect pests.

Division of plant protection: inspection of import shipments.

Health of animals division: inspection of import shipments and outbreaks of animal contagious diseases.

Plant products division: inspection of interprovincial and import shipments of seed, feed, and fertilizers.

Livestock and poultry division: record of performance inspection of dairy cattle.

Fruit and vegetable division: inspection of interprovincial and import shipments.

Livestock and livestock products division: inspection of interprovincial and import shipments of poultry and eggs.

Grants and subventions: During the period April 1 to September 30, 1949, the sum of $66,591.51 was paid by the dominion government on freight assistance for shipments of feed grain to Newfoundland.

Newfoundland is also entitled to a subvention of $1.25 per ton for all limestone distributed by the province during the current fiscal year.

Miscellaneous: during the past six months, at the request of the Newfoundland government, officers of the dominion Department

of Agriculture have visited Newfoundland to conduct surveys and give advice on soil surveys, experimental fur farming, growing of cranberries, and the prevalence of plant diseases.

All services given in other provinces are being and will be extended to Newfoundland in so far as they are applicable.

S.S. "LADY LAURIER"

Mr. Isnor:

1. Has the Department of Transport a ship called the *Lady Laurier*?
2. If so, when was this ship constructed?
3. Is it still in continuous service?
4. When laid up for necessary repairs, what is the name of ship used to replace this ship?

Mr. Chevrier:

1. Yes.
2. Built in 1902—Paisley, G.B.
3. Yes.
4. None.

S.S. "SAUREL"

Mr. Isnor:

1. Has the Department of Transport a ship called the *Saurel*?
2. If so, how many officers and men comprise the crew?
3. Where is this ship based at present?
4. Is any change being contemplated in respect to changing the home base of this ship?
5. Will this ship continue to be based as at present?

Mr. Chevrier:

1. Yes.
2. 37.
3. Charlottetown during the season of navigation; North Sydney during the winter months.
4. No, not at present.
5. It is planned to return the *Saurel* to Quebec when sufficient icebreaking service is available for the maritimes.

S.S. "C. D. HOWE"

Mr. Isnor:

1. Is the Department of Transport having a ship constructed, called the *C. D. Howe*?
2. If so, where will this ship be based?
3. What is the type of this ship and what is the nature of its work or operations?
4. How many officers and men will comprise the crew?

Mr. Chevrier:

1. Yes.
2. Quebec.
3. Twin screw passenger and cargo vessel. This vessel is to be used to deliver material and supplies to the various stations in the eastern Arctic and to supplement the work now done by the *N. B. McLean* and other vessels chartered in the past to deliver shipments for departments of National Health and Welfare, Mines and Resources, R.C.M.P. and Transport. All shipments from these various departments are assembled at the marine agency in Quebec. The *C. D. Howe*, when not occupied on its eastern Arctic patrol, will be used as a stand-by vessel on the Atlantic coast.
4. The crew will consist of approximately 58 persons.

BAGOTVILLE, QUE., AIRPORT—CONTRACT FOR WORK ON RUNWAYS

Mr. Gagnon:

1. Is any expansion work in progress on runways at the Saguenay airport, Bagotville, in the county of Chicoutimi, Quebec?
2. If so, who is the contractor?
3. What is the amount of the contract?
4. Were tenders invited for this work? If so, when?
5. What are the names of those who tendered and what was the amount of each tender?

Mr. Howe: In so far as Canadian Commercial Corporation is concerned:

1. Yes.
2. North Shore Construction Co. Ltd., 307 Castle Building, Montreal, Que.
3. $206,938.25.
4. Yes. Tenders closed 4 p.m., E.D.S.T. July 25, 1949.
5. Provincial Paving Co. Ltd., 416 Jean Talon West, Montreal, P.Q., $206,700; [1]North Shore Construction Co. Ltd., 307 Castle Building, Montreal, P.Q., $206,938.25; Charles Edouard Boivan, Co. Lake St. John, Metabetchoun, P.Q., $216,970; Arthur Laberge, 369 St. Dominique St., Jonquiere, P.Q., $267,050; J. R. Theberge Ltd., St. Ignace Blvd., Chicoutimi, P.Q., $291,927.50; Saguenay Construction Ltd., Bagotville, P.Q., $349,972.50; Chicoutimi & Saguenay Construction Ltd., 81 Ste. Anne St., Chicoutimi, P.Q., $374,294.50; Jobbing Construction Co. Ltd., Chicoutimi, P.Q., $412,500.

[1]Having regard to the fact that this contractor had equipment in the immediate vicinity and was in a position to commence work immediately, he was awarded the contract.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PENSIONS—EMPLOYEES OF BUSINESS AND INDUSTRY

Mr. Diefenbaker:

1. How many approved pension schemes designed to provide pensions at retirement age for employees of business and industry are currently in force in Canada?
2. How many of these are (a) placed with the government annuities office; (b) placed with private assurance companies?

3. What is the total number of persons participating in, or covered by, these plans (a) in 1939; (b) in 1947; (c) the most recent figure and the date?

MOTOR COACH INDUSTRIES—WESTERN AUTO AND TRUCK BODY WORKS—CONTRACTS

Mr. Knowles:

1. Have any contracts been let by any government departments, government agencies or crown corporations to (a) Motor Coach Industries Limited of Winnipeg; and/or (b) Western Auto and Truck Body Works Limited, of Winnipeg, since January 1, 1947?

2. If so, by what departments, agencies or corporations and what is the nature and value of such contracts?

3. Have any contracts let to either of the above firms been cancelled? If so, for what reason?

MOTION FOR PAPERS

COMBINES INVESTIGATION ACT—FLOUR MILLING INDUSTRY

Mr. Knowles:

For a copy of all letters and memoranda exchanged between the Minister of Justice and the commissioner under the Combines Investigation Act, since January 1, 1946, regarding changes in the Combines Investigation Act and/or in the administration and/or enforcement thereof, suggested in any letter or other communication received by any minister of the government, or by the said commissioner or his deputies, from any labour or farm organization, the Canadian Chamber of Commerce, the Canadian Manufacturers Association, or any flour milling company, or from any persons on behalf of such organizations or companies, dated at any time since January 1, 1946.

EXTERNAL AFFAIRS

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE—STATEMENT OF MR. PEARSON

Hon. L. B. Pearson (Secretary of State for External Affairs) moved:

That votes Nos. 51 to 70 inclusive, of the main estimates 1949-50, and Nos. 766 to 779 inclusive, of the further supplementary estimates 1949-50, 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. T. L. Church (Broadview): Mr. Speaker, I wish to object to the estimates of the Department of External Affairs being referred to a standing committee on motion of the government. I do so because I think the house and the country are entitled to know what is taking place.

I noticed that when the minister's deputy, Mr. Arnold Heeney, was in the city last Monday he made an address, as did the Prime Minister (Mr. St. Laurent) last spring, to the effect that we were depending for defence and security on the United Nations as the cornerstone. In view of the estimates being referred to a standing committee, I think it is the function and duty of the government to let the people of the country know what the situation is. In two long wars we found that we had to look for our defence and security to our own dominions and crown colonies and the mother country. Now you are seeking to change all that by referring the estimates to a committee. I am opposed to such action. I think if some of these delegates came home from New York and the United Nations we would have some chance for peace. We had to carry on all alone for two and a half years in both world wars, and we should look first to the dominion and the mother country for our security and defence.

The United States has a different economy. Sir Wilfrid Laurier and Sir John A. Macdonald held that view. They believed we should look east and west, rather than north and south, that we should look to the mother country. We went into two great world wars. It is the function and the duty of the minister to tell us this morning what security we have in the face of the coming conflict—because one is coming; there is no doubt about that.

I have here a picture of the millions of slaves in western Europe today. It is taken from *Everybody's Weekly*, the issue of October 29. There are pictures of the slaves who are being deported to Russia to work in the mines, in camps, in soviet prisons, and so on. It may please some people to refer these estimates to a committee, but I am opposed to that policy because the committee will do nothing about them. They will learn nothing, and the proceedings will be held in secret. A great man, Mr. Poke, is the editor of *Everybody's Weekly*. There are pictures in it of the present slave camps with millions of prisoners. This may not be pleasant for a great many of our new members. They are entitled to something better than the referring of these estimates to a committee. If you do that you will postpone dealing with the question of our future security. I believe our defence should start where it was after two and a half years of war when we stood alone; it should start with the mother country and the dominions. In the magazine to which I have referred there is a list of countries in which there are slave camps, indicating that they are all over western Europe.

I am opposed to the present policy, for the reasons I have given. I believe the minister should give details of our defence policy. It is the duty of the government to let the country know, in the event of a third war taking place. We had a great man here the other day, Lord Wavell, and he expressed concern about Germany. We are not secure there; we all know that. Instead of carrying on and capturing Berlin, the United States

prevented our allies from doing that at a time when we could have made ourselves secure. Germany is a hostile nation. I hope the minister will tell us where the trouble lies. Russia lost twelve million men in the last war, and Russia and her satellites also fear Germany.

I regret to have to take this stand, but I repeat that our defence and security should start with the mother country and the dominions. They gave us security in two long wars. If the motion is automatically adopted the House of Commons will have heard the last word in this session about foreign affairs, defence and security. Besides, some of the items to be referred to the committee deal with local matters, such as passports, and so on.

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, in rising to support the motion, I should like to say in the first place how greatly I welcome the reference of the estimates of the Department of External Affairs to the standing committee where in the past such helpful and constructive consideration has been given to them, and to the work of the department. I am also glad to have the opportunity to give the house a general review of world affairs as seen by my department, a review which I hope will be of some interest and possibly of some value to the hon. member (Mr. Church) who has just spoken. I gather he thinks that should be done on this motion.

I am glad of the opportunity for two main reasons. The first is that the discussion will enable the government to secure the advice of members of all parties in the house on the important international questions and problems confronting our country at this time. I know I speak for all my colleagues in the government in saying we will welcome such advice because we know, from the record of the house in matters concerning external affairs, that it will not only be informed but also constructive and helpful.

The second reason why I welcome this discussion is that it finds me where I wish I could have been throughout the whole session, in my seat in the house. I had hoped when I was appointed head of the Canadian delegation to the United Nations assembly—a normal appointment for a person holding my office—that I could combine that post with fairly regular attendance in the house at least for a part of every week. But to the duties of chairman of the Canadian delegation have been added, through no fault of my own, those of chairman of the political committee of the assembly. These duties have meant that I have been absent from the house almost continuously since its opening. I feel sure, however, that hon. members will agree that Canadians must be prepared to accept their full share of the burden of helping to make the United Nations work as best it can under the present difficult conditions. For this reason, just as I think Canada could not justifiably refuse membership on the economic and social council to which we have been elected, we could not appropriately refuse to accept, on behalf of the chairman of its delegation, the chairmanship of the political committee of the assembly. Normally, of course, the meetings of the United Nations assembly do not coincide with the sessions of this house, so that no problem of being in two places at one time arises. The situation in this regard this year is exceptional, and I certainly hope it will remain exceptional.

I can assure you that the chairmanship of the political committee of the United Nations assembly is not an office that one would seek, or one to be relished, charged as the committee is with preparing for the consideration of the plenary sessions of the assembly many of the most difficult and controversial problems coming before it. The chairmen of assembly committees of the United Nations, especially of the political committee, I think, are not always given as much courtesy, consideration and authority as you, Mr. Speaker, enjoy in this house. The violence of the general discussions and the heated, complicated arguments on procedural questions are things which, happily, are not often encountered here.

Today I hope to give a review of some aspects of the international situation as I see them. I know that in a review of this kind, though I am afraid it may be longer than it should be, there will be omissions; but if I should leave out important matters, or if questions occur to hon. members during my remarks, I hope I may have an opportunity to deal with them in winding up this discussion.

In the very beginning, Mr. Speaker, I should like to turn to certain international economic matters which I shall touch upon very briefly only in their political implications and aspects. It would not be appropriate for me to touch upon them in any other way.

In April, 1948, when the last comprehensive survey of world affairs was given in this house, the Marshall plan had just been accepted in principle by the United States congress and was beginning to be put into effect. Over the next twelve months the world made rapid progress. Production climbed; prices levelled off, and inflation was brought largely under control. Everywhere overseas the financial balance was being

restored, though it proved to be rather precarious. Meanwhile United States prosperity and United States imports continued to climb.

Canada, of course, is always influenced by what happens abroad, and naturally we shared in the general revival, to which I think our own policies made a modest contribution. Our reserves of gold and United States dollars were at a very low ebb, as hon. members know, at the beginning of 1948; but during that year the tide turned, and by the end of the year our reserves were approximately twice as high as they had been at the beginning. Therefore our emergency import restrictions, introduced in November, 1947, could be slightly relaxed. During the same period we began to benefit from the new tariff rates agreed to at Geneva. These came into force on January 1, 1948, and our exports to the United States rose to new heights.

Unfortunately the financial balance overseas proved to be pretty precarious, as I have suggested; and it was upset. In April of this year the trading position of the sterling area began to get worse for a variety of reasons which I need not go into here, though one of them was the generally disturbed international political situation. The central reserves of gold and dollars in London began to drop sharply, and by the end of June the losses in such reserves had become very serious. So three international conferences were called in quick succession to check the recession and to make advances toward recovery and prosperity.

Canada was invited to all three conferences, the only country to attend them all apart from the United Kingdom, which of course was at the very centre of the crisis. My colleague the Minister of Finance (Mr. Abbott) was at all these conferences. First was the preliminary tripartite discussions in London during July between the United Kingdom, the United States and ourselves; second was the conference of commonwealth finance ministers held in London later in the same month, and third was the tripartite conference held in Washington in September. The United Kingdom crisis was, of course, financial, and has been described as the sterling crisis or the sterling-dollar crisis, although it had very grave international political and economic implications. The commonwealth countries other than Canada found themselves so short of dollars that they felt they had to cut down further their imports from Canada and the United States. At the London commonwealth meeting late in July they agreed to aim at a cut of 25 per cent, which came on top of substantial reductions previously made. There was a real danger that the commonwealth countries other than Canada might end up by virtually cutting off their trade with North America; and if this had happened, or if it were to happen now, then the trading world would be split in two economically and commercially. That in its turn—and this is what I wish to emphasize as Secretary of State for External Affairs—would obviously entail severe political strain. So I feel sure the three countries concerned will do everything possible in their trade and financial policies to avoid such strain. No one can gain from it except those who wish to break up the unity and stability of the whole democratic world.

If a definite split ever took place—and I am not suggesting for a moment that it will take place—it would be disastrous for Canada and for all that we have worked for since the war. We depend on trade with the sterling as well as the dollar area. Wide sections of this country have been largely developed to serve the United Kingdom market, and those sections of Canada would have great difficulty in finding another outlet for many of their products. They would face grave difficulties if the sterling area and the dollar area were cut off from each other. Equally disastrous would be the results in the field of defence. The North Atlantic treaty would be quickly undermined if the United States and the United Kingdom were steering divergent economic courses, each pulling a large part of the trading world with it.

Possibly the most important achievement of the tripartite conference in Washington, it seems to me, was the united front presented to these problems by the United States, the United Kingdom and Canada. The crisis was not regarded as a United Kingdom crisis or a sterling area crisis; it was regarded as a common crisis in which all three countries were concerned and which could be solved only by common action. There were no recriminations. We worked together as a team and agreed on the general direction in which we should all move.

So much, then, Mr. Speaker, for international economic questions at this time. Next, if I may, I should like to give a review of some of the areas of the world as far as our international relations with those areas are concerned; a review of the policies of some countries as far as they affect our own country; and in these days most of them do affect our country.

It is proper, I think, that I should first turn to our greatly valued association, as close and friendly as ever, with the nations of our commonwealth. In an uneasy and uncertain

world that association remains firm and enduring, a model for free states to follow. Economic and financial difficulties on which I have touched, which at times threaten—but only threaten—to divide us are the only shadows over the commonwealth relationship at this time. During the last two months we have had the pleasure of welcoming in Ottawa the Prime Minister of India, the foreign ministers of Great Britain and Pakistan, and the secretary of state for commonwealth relations in the United Kingdom. It has been a great honour for us to have had with us Pandit Nehru, Mr. Bevin, Sir Mohammed Zafrullah Khan, and Mr. Noel-Baker. In a little more than a year there have been three important meetings of the commonwealth ministers and two of the commonwealth prime ministers, one in October, 1948, and in April of this year. There has been the one meeting of commonwealth finance ministers which I have already mentioned. At those meetings, the three new independent member nations of the commonwealth, India, Pakistan and Ceylon have been represented for the first time, an event of historical importance not only for the commonwealth but for the world.

The meeting of prime ministers this April was solely concerned with the important constitutional issues arising from India's decision to adopt a republican form of constitution, and its desire to continue membership in the commonwealth. These two issues were important and were difficult. But I feel sure all members of this house and the great majority of the Canadian people will be glad to learn they were satisfactorily resolved in London by the adoption of that kind of compromise which, on more than one occasion, has not only prevented the commonwealth from dissolving but has actually strengthened it. I hope that this will prove to be true in this case also.

In the new commonwealth those of us who wish to retain allegiance to His Majesty can do so with such allegiance unimpaired. At the same time it has proved possible for a republic to remain within the group by the acceptance of the King as the symbol of the free association of the members of our commonwealth of nations, and as such the head of the commonwealth. In this connection, possibly it would not be inappropriate to refer to a former member of the commonwealth which has adopted the republican form of government and which has followed a course opposite to that chosen by India. I refer, of course, to Ireland, a country which gave the ultimate proof of the independence and freedom which exists in the commonwealth by exercising its right to leave it.

[Mr. Pearson.]

Inasmuch as the members of the commonwealth recognize the full sovereignty of each other and the authority of each to conduct its policy in both its domestic and external affairs in the manner of any other foreign state, no member of the commonwealth would, I think, seek to criticize in any way the action taken by the government of the republic of Ireland. At the same time, Mr. Speaker, I think most Canadians were disappointed at the decision that the Irish government found it necessary to take to break those special formal ties which Ireland had with Canada and with the other members of the commonwealth. There is, of course, no need for us to assure the Irish people of the continuing warmth of the friendship the Canadian people have for them or to assure the Irish government of the desire of the government of Canada to co-operate with it in any useful manner.

The changes that have now taken place within the commonwealth naturally give rise to questions concerning their effect on its future. To the citizens of other countries, Mr. Speaker, it must often seem difficult to appreciate the organization or what might more accurately be called the lack of formal organization of the commonwealth. Certainly, the commonwealth of today is vastly different from the British empire of not so many years ago. I believe most people feel the difference is an improvement. Political and economic factors have produced many changes which, in my own opinion, have not only been to the advantage of the individual members but of the commonwealth as a whole. For example, no longer can there be any suggestion that the public opinion of the vast subcontinent of India is denied full expression in our commonwealth. Now, each Asian member of the commonwealth, and there are three, speaks through its own independent, democratically chosen government. In this way alone, not only has the composition of the commonwealth changed, but so has the nature, if you will, of its institutions, and the very nature of its being in a sense. But the change has provided a bridge between the east and the west and has given us an opportunity of being of great service to the world.

Once again, the commonwealth has proven its ability to adapt itself to these changing conditions, something I venture to think—there may be disagreement over this—it could not have done if it had, in earlier times, decided to organize its activities in a fixed, formal and centralized manner.

Now, Mr. Speaker, if I may leave the commonwealth and say a word or two about our relations with the United States.

Mr. Diefenbaker: Would the minister allow just one question? The Secretary of State for External Affairs has been referring to the commonwealth of nations, and I noticed the same expression was used when Premier Nehru was here. Under the Statute of Westminster the nations within the British family of nations are known as the British commonwealth of nations. Has that name been changed as a result of India and Pakistan finding themselves in their peculiar position?

Mr. Pearson: On that point, Mr. Speaker, I do not think there has been any change by formal legislative enactment in any part of the commonwealth. If the hon. gentleman who has just spoken has looked, and I am sure he has, at the communiqué which was issued from the conference last April, he will find in that communiqué a reference to both the British commonwealth of nations and the commonwealth of nations.

Mr. Diefenbaker: I noticed that the reference had been only to the commonwealth of nations.

Mr. Pearson: Up to now, Mr. Speaker, I believe it is true I have been referring to the commonwealth of nations.

In so far as our relations with the United States are concerned, it is, of course, Mr. Speaker, obvious that two great and active nations like Canada and the United States cannot live together without being confronted each year with new problems in their relationship. The way and the spirit in which we set about the solution of our mutual problems must continue to stand as an example of the way in which relations should be conducted between free states. That example would be spoiled if we were to admit failure to find mutually acceptable solutions to our own problems. To avoid such failure, careful and constant attention, respect, and informed understanding on both sides are necessary. Relations between states, like marriages and friendships, do not thrive on neglect.

Canada and the United States, I suggest, cannot take their relations with each other too much for granted. Both must continue to direct intelligence and good will towards the solution of any problem. We in Canada must not, I think, be oversensitive in our relations with the United States. We must also recognize her great preponderance of responsibilities and her tremendous exertion as the leader of the western democratic powers in a struggle against forces which, if they prevailed, would end the Canadian as well as the American free way of life. The United States, on its part, must I think recognize that we wish to play our own part in international development, make our own contribution, and that we can do this effectively as a co-operating partner but not as a camp follower.

I mention these principles, Mr. Speaker, not because they are being ignored but because if we did not keep them in mind they might be ignored. One example of a difficult Canadian-United States question which can only be solved in a co-operative way is the St. Lawrence seaway and power project. It has been made abundantly clear that the two countries are able through their joint efforts to undertake this vast international project on their common frontier. Because of recent work the project itself will be enabled to get under way quickly as soon as the necessary legislative approval has been secured. I am sure all of us hope that the congress in Washington will be in a position to deal with it shortly. Viewed against the background of the present international situation, the St. Lawrence seaway and power project assumes increasing importance. It would have great defensive, strategic implications and would simplify the logistical problem of supplying Europe with arms and food. By removing any doubts anyone might still have as to the economic feasibility of the Labrador iron ore development, the seaway project would ensure the peaceful development of a dependable source of iron ore, capable of rapid expansion in time of war or emergency. It would thus fulfil one of the main requirements of continental defence. That is why I venture to express the hope that the necessary legislative and congressional action on this matter can be taken without much further delay.

Another example of United States-Canadian relations is the record of the international joint commission which continues its long-established record of dealing successfully with boundary water questions. There is no doubt that all the projects which the joint commission is now considering, and it is considering several, when carried out will add greatly to our economic strength.

Among the bilateral air agreements Canada signed last year was one with the United States which gave us a number of rights which we have been seeking for some time. In return—and this seems at times to be forgotten by some of our friends below the border—Canada granted such reciprocal concessions as full traffic rights at Gander airport in Newfoundland, an important international stage post taken over by Canada, along with other aviation facilities, when Newfoundland and Canada became one. The grant to Canada of one of the new routes, the route between Montreal and New York,

was delayed by certain legal proceedings in the United States. It is because of these unresolved difficulties that we have not granted permanent licences to United States carriers to exercise certain traffic rights in Newfoundland but have issued only temporary permits. It will be appreciated of course that temporary arrangements of this nature cannot be continued indefinitely. The United States government has been co-operating to the best of its ability to help bring the matter to a satisfactory conclusion, and we hope and expect that the treaty may shortly become fully effective on both sides.

I want to turn now for a moment to another specific problem in our relations with the United States. Negotiations with the government of that country have been in progress for some time regarding the rights and privileges at present enjoyed by United States forces in Newfoundland, a matter which has attained a considerable amount of public attention in this country. The Canadian government does not of course for one moment challenge the rights established with respect to areas in Newfoundland leased to the United States under the bases agreement of 1941, but it considers that they should be brought more closely into line with the principles enunciated by Mr. King and President Truman in their joint declaration of February 12, 1947. This calls for co-operative arrangements to be made, and I quote from it, "without impairment of the control of either country over all activities in its territory". I need not say any more on this subject at this time. I am confident that a way will shortly be found to reconcile United States treaty rights, and strategic requirements which we understand, with Canada's real concern about jurisdiction exercised by even the most friendly country over civilian and military activities on Canadian soil.

Recently, Mr. Speaker, there have also been some difficulties over that unguarded boundary which is the delight of every after-dinner speaker on Canadian-United States relations. Last year our joint border was crossed by new record crowds of United States tourists, and many Canadians went to the United States though the number was restricted by foreign exchange conditions. A few Canadians, however, did not manage to get across. We can understand, Mr. Speaker, our neighbour's legitimate desire to strengthen its border regulations in order to hinder the tourist and convention activities of communist agents. We accept of course its complete right to admit or refuse to admit persons into its country. That is a right which we ourselves maintain. But we consider it unfortunate when innocent citizens are inconvenienced and embarrassed by security delays, and when others are prevented from visiting the United States because of alleged activities which could, even if true, hardly constitute a threat to the security of that great and powerful state. We are at present discussing this whole question on a very friendly basis, as we always do, with the competent United States officials and we hope soon to arrange a solution for a problem which has understandably aroused anxiety in this country, lest it cast a shadow, even a small one, over the easy and friendly intercourse between our two peoples.

Our relations with the United States are more complex and continuous than with any other nation in the world, both between governments and between private organizations and individuals in our two countries. All of us in Canada of course attach enormous importance to these relations. It is our great good fortune that the power and influence of the United States is wielded by a friendly and peaceful people through a friendly and peaceful government of their choosing. In a world where some states stand in daily fear of a great neighbour, we appreciate the fact that our border marches with that of a powerful state that shares our ideals of freedom and our abhorrence of war, and that conducts its relations with smaller states on a basis of friendly understanding. Conversely, and I hope I will not be thought immodest in saying this, we consider it is the good fortune of the United States to have in us a neighbour which, though much less powerful, has shown itself competent in the management of its own affairs, united in the face of external danger, and strong in the resources and the will necessary to meet danger when it arises. We share a common political background and our social and ethical ideals spring from similar origins. There is therefore a solid basis for the co-operative effort which characterizes our relations and enriches the life we lead together on this continent.

May I say just a word about our relations with Latin America. Since the exchange of diplomatic missions with several of these Latin American republics and also through our increasingly friendly contacts with their representatives at United Nations meetings, there has been a welcome growth in our knowledge of each other's affairs. Broadly speaking, we have found, as we have come to know each other better, that we have a similar point of view on most, if not all, important international questions and a common desire to promote the security and welfare of our peoples. The cordial nature of our relations with the twenty Latin American republics has been given tangible expression in a variety of ways. In the face of present world economic difficulties, there

has been since 1939 a tenfold increase in the total value of our trade with the nations of this area of the world. Not only do we continue to export to Latin America commodities such as wheat and newsprint which have always been of importance to our foreign trade in that part of the world, but we have extended the list to include other items such as, for example, ships and machinery. We have also co-operated on matters of mutual interest and concern in the United Nations and its specialized agencies.

For instance, Mr. Speaker, at the current meeting of the general assembly we were associated with Bolivia and the United States in presenting a resolution concerning human rights in the Balkan countries. In addition, we have continued to participate in the work of certain inter-American organizations dealing with technical matters which are of interest to us. The government—and I am sure all hon. members—feel that whatever our formal relationship may be with any particular inter-American agency we should broaden and deepen our association with the Latin republics of this hemisphere, and that such a process will be of great material advantage to our economic and political development.

If I may, I should like to take a long jump across the Pacific and say a few words about the situation in the Far East. Because of the historical and continuing intermingling of the North American and western European societies there has been a natural tendency for Canada to be particularly preoccupied with finding solutions to the critical economic, political and security problems with which the destruction of the second world war confronted the European and north Atlantic communities. We have made some progress in dealing with these problems. Meanwhile, on the other side of our country scant progress has been made in coping with the great post-war problems of the Pacific area.

Failure to reach an agreement on procedure for drawing up the Japanese peace treaty is merely one indication of the underlying tensions in East Asia today. Unloosed amid the social and political turmoil and economic dislocation attending the collapse of Japanese power on the continent of Asia, communist forces have overrun virtually all of northeast Asia, that part nearest to Canada. They menace now the United Nations sponsored government in south Korea. They have seized the greater part of China. Farther to the south in the countries of southeast Asia the situation is even more confused. There the communists have tried to ride to power on the nationalist movements which have been struggling for independence from colonial powers, all of which have been prepared in varying degree to assist the indigenous populations to secure that independence. Unless the great political problems of this area are resolved there can be no real peace and stability in Asia. Without such stability there can be no economic reconstruction and development, to give the 750 million people of this area a better way of living, which would contribute so largely to an expansion of international commerce and the preservation of world peace.

Canada, a country which borders on the Pacific ocean, would be foolish to try to isolate itself from the political and economic problems of Asia. That continent is now close to us. The vast expanses of the Pacific have shrunk as the result of air transport. You can now travel from Vancouver to Tokyo and Hong Kong by air in less time than it takes to travel from Vancouver to Ottawa by rail. Edmonton and Vancouver now rival San Francisco as North American air gateways to Asia. In fact in this air age the Far East is neither far nor east. Therefore Canadians must learn to look, as they are of course learning to look, northwest to Asia. I think that the economic development in western Canada would certainly be greatly stimulated by the restoration and development of trans-pacific trade. That trade will increase proportionately with the rise in the standard of living in the countries of the Far East, which cannot take place under disturbed and confused international political conditions.

In the Pacific, then, serious problems continue to exist, and I should like to mention just one or two of them in detail. First, the Japanese peace treaty; a peace treaty with Japan will not of course automatically adjust Japanese relations with its Pacific neighbours. It will, in fact, at the beginning introduce new and uncertain factors into Far Eastern international relations. Nevertheless the absence of such a treaty is one of the causes of uncertainty in the Far East. Much as the United States occupation of Japan has done for that country, I myself am inclined to think that military occupations as a rule quickly reach a point of diminishing returns, and if suitable arrangements can be made should be terminated as quickly as possible.

The Prime Minister (Mr. St. Laurent), then Secretary of State for External Affairs, stated in this house on December 19, 1947, and again on April 29, 1948, the views of the Canadian government in respect of the procedure that should be followed in negotiating a peace treaty with Japan. Our views remain essentially unaltered since that time. The Japanese have to make their peace with the neighbours, the people they wronged and with whom they

will have to live in the future. The Canadian government believes that the settlement with Japan, which must inevitably be of great consequence to all Pacific and Asian nations, should be one that embodies the views of all the countries particularly interested, which includes Canada, and should be the product of the work of a representative conference.

There are of course very great difficulties to be overcome in convening such a conference, and one of the greatest of them is the emergence of a communist government in China and the effect of this on Japan. We also recognize of course the heavy responsibility that the United States bears in this matter. Nevertheless I think there may be greater dangers in an indefinite postponement of this peace conference than in making another effort to push forward with it.

This brings me to the present situation in China, a matter which is of course of very great interest, I am sure, to all hon. members. I do not try to minimize the gravity or the magnitude of the recent events in China. A small revolutionary party there, espousing an alien philosophy, looking to the Soviet union as the author and interpreter of that philosophy and as a guide in international relations, has seized military and governmental power throughout the greater part of China. It has done so, I believe, by riding in on the crest of a wave of a peasant revolt begun more than a hundred years ago in the great Taiping rebellion; by building a tough peasant army during the war of resistance to Japan; by exploiting the failures of the national government and by shrewd political manoeuvring in the Chinese manner. The "Central Government of the People's Republic of China", as it is called, was proclaimed in Peking on October 1, 1949. Other co-operating parties and individuals are represented in that government, but effective control is held by the Chinese communist party. The new regime has invited recognition from foreign governments on a basis of equality, friendship, respect for territorial integrity and withdrawal of recognition from the national government. The Soviet government and its satellites promptly accorded recognition on this basis. No other state has yet done so.

What should be our attitude in the face of these profound changes in China? Well, it is not an easy matter to talk about. One must speak of it with a certain amount of hesitation and with I think reservation, as conditions change, and may change again, quickly in that part of the world. But I suggest to you, Mr. Speaker, that the first thing we should do is to try to understand what has happened. We must understand that today China is under the control of a communist party, which professes Marxist-Leninism as its social philosophy, and which has patterned its government on that of the new "popular democracies" of eastern Europe. It will set about, I assume, the introduction in China, as soon as it can, of what it will call socialism. This kind of socialism will not be, however, the liberal democratic socialism of western tradition, but the kind called for in communist doctrine.

China, as the greatest eastern country to come under communist control, has become significant as a testing ground for the adaptation of Marxist-Leninist principles to the Asian scene and as a base for further pressures against the rest of Asia. Of course we in Canada reject completely the Marxist-Leninist principles espoused by the Chinese communists, but we cannot reject the fact of China and its 450 million people. For seventy-five years Canadians have been in direct contact with the Chinese people. We respect their ancient and humanitarian culture. We admire the cheerful industry of the Chinese peasant. We accept the Chinese as good neighbours across the Pacific with whom we would live on terms of friendship and respect. We are interested in the welfare of the Chinese people as an end in itself and not as a means to somebody else's end. We know that the problems and sorrows of China cannot be confined within the borders of that ancient land.

There is also the continuing friendship by the people of Canada for the people of China which has been expressed in a variety of ways for so many years. We have been asked to recognize the new communist government in Peking which does in fact control a large part of that country. Recognition, of course, does not imply or signify moral approval, it is simply an acknowledgment of a state of affairs that exists. If the fact of communist control of China is demonstrated and an independent—I stress the word "independent"—Chinese government, able to discharge its international obligations, is established there, which is accepted by the Chinese people, then in due course and after consultation with other friendly governments—

Mr. Browne (St. John's West): May I ask the hon. gentleman a question?

Some hon. Members: No.

Some hon. Members: Sit down.

Mr. Speaker: Apparently the minister, who has the floor, does not wish that questions should be asked.

Mr. Pearson: I shall be glad to answer questions if they can be asked at the end of any particular section and if they bear on that

particular section. It is a little difficult when I am asked a question in the middle of a paragraph or sentence.

Mr. Browne (St. John's West): I apologize, Mr. Speaker.

Mr. Pearson: Mr. Speaker, I was saying that in the face of circumstances and the position as I tried to outline it, we will in due course and after consultation with other friendly governments have to recognize the facts which confront us. If we indicate, in the future, recognition of the Chinese government, that will not indicate approval of communism in China any more than our recognition of the communist states of eastern Europe indicated approval of their form of government. It should, however, safeguard the maintenance of contact between the Canadian and Chinese people, of which I have spoken already.

I think it would be inappropriate to leave this subject without saying something about the national government of China, sometimes called the nationalist government—although I hope that all Chinese governments will continue to be nationalist in the broadest and best sense of that word. It is a fact of political life, either domestic or international, that the loser is often made the scapegoat. Whatever the shortcomings of the national government of China may have been, whatever were the inadequacies of individual officials to shoulder the grave burdens, and they were grave, that were thrust upon them, we would be wanting in common decency if we did not acknowledge that that government stood strongly by us as allies in the last war and that they have professed and proclaimed the ideals of our own democratic way of life.

If I may I should like to come back across the Pacific in this rather mixed-up geographical tour and say a few words about the situation in Europe. During the past few months we have been delighted to welcome to this country the foreign ministers of Great Britain and of three continental powers. The visits of Mr. Bevin, Mr. van Zeeland of Belgium, Mr. Schuman of France and Count Sforza of Italy have been in some degree a measure of the greater external responsibilities of this country. They also gave us a pleasant opportunity to introduce these distinguished guests to at least a part of Canada and to allow them to renew their acquaintance with our people.

It seems to me that there are two potent forces at work in Europe in which we in this country are or should be profoundly interested. The first is the tremendous thrust in every country in Europe toward economic revival and social betterment of every kind, and the second is the equally compelling drive by Soviet Russia to assert its supremacy or potential domination.

We welcome for our own sake as much as for any other reason the efforts of the people of the countries of Europe to rebuild, not only their homes and their cities but their businesses, their commercial and industrial contacts abroad, their welfare, their self respect and their pride. Our Canadian way of life is so closely linked to the great civilization of western Europe that any change in this area, whether for better or for worse, cannot help but affect us.

Therefore we are greatly encouraged by the fact that in recent months there have been changes for the better. The economic union of Belgium, Luxembourg and The Netherlands is making steady progress and is a forceful example for the rest of the world. France and Italy have put away old grievances and have negotiated a trade treaty which it is intended in due course will lead to a customs union between those two great countries. There has also been a fuller realization of the necessity for greater economic co-operation among members of the OEEC, the organization for european economic co-operation. The signatories to the treaty of Brussels in March, 1948 have moved rapidly toward the co-ordination of their political, economic and military plans. Finally, in August of this year the council of Europe met for the first time at Strasbourg and made a good beginning in carrying out a difficult task.

Membership in the council of Europe is open to all democratic European states. If this council is to play its part in the preservation of peace and the advancement of material prosperity in Europe, the admission of German representatives is I think acknowledged as necessary. It only remains to be seen whether the German government can satisfy the people of Europe of its ability to qualify for such membership, to satisfy them that it will cooperate in a democratic and responsible manner and that it will renounce the national aspirations and ideas which in recent years have been in conflict with the interests of Europe, and for that matter with the interests of the world as a whole.

The outside judges of Germany's fitness to enter European society must be primarily Germany's European neighbours who have suffered so much in the past from German aggression. Nevertheless I think it is clear that before this judgment can be given Germany must have a democratic and responsible government composed of representatives of the German people qualified to speak for them in the council of Europe. The Canadian

government welcomes the establishment of a democratic federal republic of Germany whose mandate we hope will soon run over a united Germany. The participation of such a democratic republic in the European community I think is fundamental to the rehabilitation of that community.

In both France and Italy the large communist parties have suffered very serious setbacks in recent months in political prestige. Among the workers the use of the strike as primarily a political weapon for the furtherance of soviet aims was demonstrated in the attempt a year ago to bring down the French government in Paris. The strikes failed, as did similar strikes attempting to upset the government of Italy.

In Finland the communists have also attempted to use strikes as a weapon to bring down the Finnish government, but that government has refused to be provoked or intimidated. The result was a complete defeat of the communists after a great deal of economic damage had been done to the country. We can only admire and respect the firm equanimity with which the government and the people of Finland have dealt with this threat to their institutions.

In Norway the communists have recently received a severe defeat in the elections of that country. In Greece conciliation with its northern neighbours has so far failed. Having sat in on a conciliation group of four for twenty-six meetings recently at Lake Success, I have some understanding of the reasons why that conciliation of Greece with its northern neighbours has failed and I can assure the house that it was not due to the Greek government or its representatives at the United Nations. Nevertheless, in spite of that failure, the national army of Greece has, in a period far shorter than we would have expected even a few months ago, driven out the guerrilla bands and brought a new instalment of peace to that unhappy land so long split by civil strife. We sincerely hope that this improvement in the situation will make possible the strengthening of stable and progressive democracy in Greece, and the improvement of economic conditions there.

The mere recital of these events indicates, I think, that the nations of western Europe are exerting good will and energy in their own reconstruction and in co-operative relations with their neighbours. But they are democracies in which the conditions of freedom must be respected. Each of them has its own traditional methods of thought, and its own established way of life. Therefore, in the arduous search for a basis of international agreement on economic, political and strategic European problems, they must, I assume, remain free to put forward their own claims and free to accept the necessary compromises. Democracy in international as in national affairs is government by agreement, not by verdict, and agreement between nations, however well disposed towards one another, must always take time. I venture to suggest therefore that we should not be unduly impatient if they have not made greater progress towards the consolidation of Europe than has in fact been the case in the last year.

There are still many obstacles in the way of further progress towards western European unity. Fear and uncertainty are probably the most conspicuous, fear of war and uncertainty about the economic future. These disintegrating elements lie at the root of most of the conflicts and stubborn differences of policy that retard progress towards European unity, but nevertheless a very real advance has been made in that direction. There is another difficulty which is retarding the essential advance towards European unity. When Prime Minister Nehru spoke in New York in October last on the causes of war he named as one of these the desire of one nation to dominate another. Nowhere are his words more clearly to be tested and proven than in Europe itself. For some time now it has been quite obvious that Soviet Russia is inflexibly set upon imposing its will by force and fear upon a wider and wider area totally regardless of the sovereign rights, the religious traditions or the social organization of the peoples involved. This unswerving purpose poisons and distorts the aspirations of those who seek for a peaceful way of life everywhere.

In Yugoslavia, for instance, it has been made quite clear by recent exchanges of notes between that government and the government of the U.S.S.R. that Russia is exerting every effort, short of actual war, to bring the government of Yugoslavia to heel, and to extract from it the kind of unquestioning and slavish obedience that the Kremlin demands. In Bulgaria, Hungary and Czechoslovakia and in Poland, where a Russian marshal has recently been made minister of national defence, communist pressure to liquidate every element of national independence and every trace of opinion or feeling which is not abjectly subordinate to Soviet Russia has, during recent months, been much accelerated.

Finally in the Russian zone of Germany the Soviet military authority in October last brought into being by a sort of ukase a state and government whose only claim to popular support was the carefully managed election of last May when, however, the communists, in spite of careful management,

did not do very well. The constitution of this puppet regime was submitted for ratification not to the German people but to the Soviet government.

From all this the only conclusion we can draw is that the purpose of Soviet Russia is to expand its power by increasing the number of Soviet republics, and this evolution of policy since the days of Yalta now seems quite clear. At the Yalta conference Russia insisted merely that, to use the words of the declaration, "friendly governments" should be established on her frontiers. Two years later, when the new democracies were renamed peoples' democracies, all non-communist parties were rooted out or placed under communist leaders.

In the latest phase of this development the emphasis has now changed from the creation of "socialist" or communist regimes, in which there may still linger tendencies to independent or nationalist thought, to complete identification of these states with the Soviet union. As a Moscow journal has recently pointed out, and it is a significant quotation:

"Deep devotion to the cause of socialism and communism is inseparable from an equally profound devotion to the Soviet union."

These systematic measures for installing completely servile governments in the satellite states have been accompanied by less tangible but an insidious and menacing trespass on the sanctity of human rights. A regular feature of Russian totalitarianism is the purge, collective and individual, by which society is reminded of the ruthlessness and power of its government from which there is no appeal. Innocent and guilty alike live in fear of the informer, of the knock on the door in the small hours, of the sudden unexplained accusation of some alleged political crime.

Then there is another stage in the subjugation of states by soviet communism. Not only must their party rulers, their constitution and their legislation conform to the ways of Moscow, but even the minds and thoughts and actions of their individual citizens, their humble men and women, must be harshly disciplined into the narrow groove from which no deviation is permitted.

As one of their spokesmen has warned:

"Anyone who has deviated, however slightly, from Marxism-Leninism is bound to be dragged into the capitalist camp."

This camp of course is the hellfire of communist theology.

I do not believe that in the long run this dark practice of government through tyranny and ignorance can prevail even within the shadow of the iron curtain. I am confident that the resources of the human spirit, which for a thousand years have made western and eastern Europe the fountainhead of light and progress, are strong enough to withstand this seige. In one after another of the intellectual and cultural centres of Europe, the light of freedom has temporarily disappeared, and now it shows only in the western lands which are beyond the reach of the Russian soldier. But even though we cannot see it I know that that light still burns, and that eventually it will help lift the darkness that now surrounds it.

May I now turn for a moment or two, Mr. Speaker, to a subject which has been of very immediate interest to me in recent weeks; that is, the United Nations. If we take a round view of the United Nations I think there is reason to believe that it has been strengthened rather than weakened during the past year; and in spite of some discouragements and difficulties my experience with this United Nations assembly confirms me in that view. There is no need for me to point out here that it has failed to solve all major problems that confront us. It has not healed the breach between east and west. It has not produced a solution for the control of atomic energy, nor an agreed plan for disarmament. Because it has not provided us with world wide security we have had to have recourse to supplementary and, if you like, "second best" arrangements, such as the North Atlantic treaty. Nevertheless the United Nations has important accomplishments to its credit in political, economic and social matters.

These, I think, have at least helped to reduce international tension. I think we ought not to exaggerate what has been accomplished, and we must look squarely at the problems that remain to be faced; nevertheless I think we should recognize what has been achieved because it is on this that we must build, and we must go on building.

First let us examine the successes the United Nations has had in the political field. I think we can look back with some pride upon the accomplishments of the security council during the two years Canada has been a member of that council, because Canada has made a very respectable contribution to those accomplishments. The work of the security council of course has been uneven and imperfect. No one knows that better than I; but it has I think prevented serious disorders in many places from spreading into wars which could have involved the whole world. Furthermore, and this is something that should be understood if we are trying to assess the value of the security council, the responsibility for dealing with these situations has fallen upon it during three

most difficult and dangerous years, when the problems of the world have been complicated by the unrest which always follows in the wake of a major war.

I should like to mention just three of those achievements. The first was Kashmir, where the situation might very well have exploded into tragic events, but where at least it has been contained. The United Nations commission is on the spot helping bring about a peaceful solution. Then Palestine, where of course the United Nations was not able to prevent an unhappy conflict, but where I think the United Nations actually did limit that conflict and help prevent it from spreading over a much wider area. The United Nations is still labouring there to bring about a final solution, I think with great hope of success. Even more important was the success of the security council in the Indonesian matter, a particularly difficult and complicated problem which at one time seemed as though it could not be solved by international action. In this case I think we have some reason to be proud in Canada. To a very considerable extent it was as the result of a Canadian resolution, which was attacked from both sides, that the machinery finally was set up by the security council which now, happily, in a conference at The Hague has brought about a peaceful and satisfactory solution, one which I think will stick, in respect of this complicated and dangerous Indonesian problem.

Though I have been talking about political matters, partly because we have been on the security council for the last two years, I do not want to overlook the economic and social achievements of the United Nations. We shall be more concerned with the economic and social side for the next three years, because we have now been elected to the economic and social council. I hope that during our term of service on that council we may play a respectable part in furthering the activities of the United Nations in that field. In the long run, of course, international political activity in maintaining peaceful conditions and removing causes of war will not succeed unless it can be founded on good economic and social conditions. That is where we can make a contribution in the economic and social council.

So we are glad to note that the post-war specialized agencies of the United Nations—in none of which the U.S.S.R., that apostle of international co-operation, participates—are developing their activities along highly constructive lines. A very important development took place a few weeks ago in the present assembly when it adopted a resolution supporting a program of technical assistance in the economic development of under-developed countries. This action grew out of what is called point four of Mr. Truman's statement to congress nearly a year ago. A sound scheme of this kind appears to us to be an effective method of helping the less fortunate peoples of the world to help themselves. It is, I think, of particular importance at a time when the peoples of Asia and Africa are stirring and should be encouraged to help themselves along the lines of sound economic development. It is also very important, I think, that the initiative shown by the United States in this matter, followed by support from so many governments, has been taken in and through the United Nations.

As one of the countries of the world with highly developed technical skill and facilities for training technicians, I believe we in Canada should play our part in this development. It is a long-range investment which may turn out to be very valuable to us.

However, if the United Nations has important accomplishments to its credit, it has, as I have said—for reasons I need not go into now but which I think are familiar to all hon. members of this house—been unable to solve the paramount question of collective security. So we have had to fall back on the North Atlantic treaty, and I should like to say a few words about that.

It was the hope of the western democratic powers that such a treaty would not be necessary, but it turned out to be necessary and I believe that in the future the signing of that treaty—which does not by-pass the United Nations or evade the spirit of the charter—will turn out to be the cornerstone in the structure of general collective security we are still trying to erect.

In meeting the obvious aggressive intentions of Soviet Russia, the western world up to the present time has been faced with two difficulties. In the first place there was the difficulty created by the failure of the U.S.S.R. to disarm after the war, which put the forces of that country proportionately in a so much stronger position than those of the western European democracies which were in particular opposed to it. The second difficulty was the lack of any specific assurance that in the event of aggression the north Atlantic nations would be willing to act together. Well, Mr. Speaker, under the terms of the North Atlantic pact we now have that assurance. Since the signing of that pact we have made encouraging progress in setting up the necessary organizations for the purpose of carrying out its provisions. I believe the various agencies that have been set up as a result of the meetings we have held have been explained to hon. members, and I do not think I need go further into that matter at

this time. We have now, I think we can say, completed the second stage in the organization of our common defence. The first was working out the text of the treaty; the second was the establishment of the working organizations under that text. But I would not wish to leave the impression, of course, that our task under the North Atlantic arrangement is completed. In fact, it has only begun. The nations of the north Atlantic now face the problem of implementing their pledges. The parties to the treaty have undertaken to strengthen their individual and common defence by integrating their defence forces and resources. That means that each nation taking part will be expected to furnish to the common pool that which it can most suitably and effectively contribute. We may then anticipate, I think, some division of responsibility in the military field and some division of labour in production and supply.

In broad terms, we are committed to provide such aid as we can reasonably be expected to contribute, in the form in which we can most effectively furnish it. Until, however, plans are worked out and problems of co-ordination investigated—we will be working out plans before long—it is impossible at this particular moment to predict what our proper contribution will be.

We know, of course, that Canada can produce economically much greater quantities of certain types of arms and ammunition than we need ourselves either in peace or in war. Some of our military requirements, on the other hand, can be produced most economically in other countries. Our ability to purchase in those countries must depend to a very large extent on the willingness and ability of our partners in the north Atlantic defence system to purchase in Canada those items which we are able to produce economically. This principle of integration in military production and supply will, we trust, be considered as an essential governing factor in planning our common defence under the North Atlantic treaty.

As far as Canada is concerned, the implementation of this principle, and with it our ability to make the maximum contribution to the achievement of collective security, will depend to a considerable extent on our financial and exchange position vis-à-vis our neighbour. One way of improving that position—and it needs improvement—would be for the United States to remove some of the obstacles which now prevent the purchase of military supplies in this country.

There is another aspect of the Atlantic pact, the social and economic, which should not be forgotten in our anxiety over defence considerations. That point was emphasized as you will remember, Mr. Speaker, in the speech from the throne. The principle is embodied in article 2 of the pact itself which I need not read again at this time.

The North Atlantic council is given powers under the treaty to consider matters concerning the implementation of this article 2. During the course of the discussions which led up to the signing of the treaty, the Canadian delegation consistently urged that that article should be included in the pact. Now that it has been included, we urge that as soon as possible steps should be taken towards its implementation. For it is not only true that the north Atlantic nations cannot be strong militarily unless they are strong economically; it is also true that the whole basis of confidence and mutual trust, the sense of community, on which the alliance is founded would be undermined if the members of the alliance should, as the result of failure to proceed with the implementation of article 2, become divided into two groups with the European members attempting to build up trade among themselves behind a barrier of restrictions against the North American members of the alliance.

We have taken, I think, the first steps towards the widest possible military integration of the north Atlantic community. What we must do now, I suggest, is to take as many steps as possible, as quickly as possible, towards the widest possible economic collaboration between the north Atlantic nations. In article 2 of our pact we have the means for doing that.

Just as Canada and the United States cannot solve their defence problems in isolation from the United Kingdom and the other countries of western Europe, so also we in North America cannot solve our economic problems in isolation from western Europe. The same is true of the United Kingdom and of the other European members of the north Atlantic alliance; they cannot solve their economic problems or their defence problems apart from us in North America.

There is much to be said, in establishing a new institution such as the north Atlantic alliance, for a policy of going slowly to begin with. In ordinary times that certainly would be good advice. But these are not ordinary times. Events are moving fast today and our international economic and political institutions should not lag too far behind.

The house will, I know, not expect me to be more specific today. The first thing is for the North Atlantic council at its next meeting to consider what machinery should be set up for study and discussion and negotiation on this whole question of how best to implement the obligations of all members of the

community under the treaty to promote conditions of stability and well-being, to seek to eliminate conflict in their international economic policies and to encourage economic collaboration between them. The important thing is to get the machinery going so that we can get a better idea of just what is involved in a process of increasing social and economic collaboration amongst the north Atlantic nations, how fast we are likely to be able to go in the course of the next few years, and what difficulties we are likely to meet.

We have before us a task which will call forth all our reserves of intelligence, good will and imagination. It is not the negative, though vitally important, task of containing Russian imperialism. It is the positive task of creating a free community of free states, strong not only in its military resources, but in the prosperity of its people and the power of its free, progressive institutions.

Before coming to my final paragraphs, Mr. Speaker, and I apologize for trespassing on the patience of the house for so long, I should like to say a few words in closing this survey on a subject upon which I have already touched. I believe, however, that it is so important it needs further mention. It colours all these specific problems about which I have talked. It is the subject of communism and Russian imperialism and its relationship to these problems. I think it is important to understand what we are fighting against in the cold war. We of the free democracies are not fighting progress or social reform; we are not seeking to restore or to perpetuate feudal regimes or outworn dogmas. We recognize the need for change in Asia, Africa, and other parts of the world. We do not, however, want the underprivileged of the world to follow the paths which the unhappy people of Russia and of the satellite states have been forced to follow by their masters in the Kremlin.

It is the Russian state, under the control of these masters, which practises at home and exports abroad the reactionary system of society which I have attempted to describe, while pretending at "peace congresses" and in the United Nations that it alone is ready to disarm, it alone is ready to prohibit the atomic bomb and that it alone is the true champion of world peace. The record does not support any such pretension.

I should like for a few moments to point to one very important chapter in that record which will show how far Russia's pretensions depart from Russia's performance. I am referring to the efforts which we are now making to control the use of atomic energy so it will never be used for anything but peaceful purposes. There is no question before the world today in any way comparable with this one in its importance. The Russians admit this. They talk loudly, especially at Lake Success—and I have had to listen to their talks a great deal in the last six weeks—about immediate and unqualified outlawing of the atom bomb, but they refuse to participate in any scheme in which international control and inspection would be effective and adequate for that purpose. Without such control, pledges and protocols would, in the present atmosphere of international suspicion and mistrust, be worse than useless. They would be dangerous, by providing a false facade of security behind which the aggressor could develop his evil plans. We had some experience of this in the 1930's.

The Russian delegates at the United Nations meetings keep on saying: we accept international inspection and adequate control; we agree that international inspectors should be able to visit declared Russian production facilities "periodically" and be granted permission to make "special" searches if the inspectors could show that there were grounds for suspecting either the presence of an undeclared plant in their territories or the diversion from one of the declared plants of clandestine production while the inspectors were away. But what they did not say and what they would not explain to us in answer to specific questions was how the rest of the world was to find out anything more about atomic plants inside Russia than the Russians chose to tell us, or how inspectors were to have grounds for suspicion if they did not have access to vast areas of the Soviet hinterland.

But, it may be said, all this is very fine; we know about the hypocrisy of Russia, both in its use of international communism and in its toying with the hopes of all peoples for peace, security, justice and freedom—but all the same, we must somehow reach agreement with the Russians on the international control of atomic energy before we are all blown to bits by it.

I agree that we must never give up trying. We must not get into an atomic groove or refuse to examine any proposal from any quarter which may be put forward. However, it takes two to make an agreement and two to make the necessary compromises on which agreement can be based. Until the Russians give some indication of their readiness to accept genuine, not spurious, international control and inspection, it is hard to see at the moment where progress can be made.

The basic difficulty is, of course, the Soviet fear of any contact with the west—a fear

which is almost pathological. The Soviet leaders also stubbornly maintain that they cannot possibly accept any limitations of their sovereignty. We maintain, on the contrary, that we cannot afford to cling to an ancient concept of sovereignty when what we are seeking is a chance for survival. We shall never get anywhere, in our view, if we insist on talking about national sovereignty as if, in atomic matters, it were more important than national and international security, or if we consider that, by using our national sovereignty for joint action, we are losing it.

Whether we are talking about atomic or conventional weapons, we must have some means of knowing, not in any absolute sense, because that is quite impossible, but within reasonable limits of certainty that no country is in a position to bamboozle the rest of the world as to the number of atom bombs or battleships or bombers or battalions that it possesses. If we cannot agree on a system for controlling the vast and conspicuous facilities necessary for the production of nuclear fuels, then we shall not reach agreement on the rest of our armaments industries which can more readily be camouflaged as factories for peaceful production or indeed may be hidden underground.

The cold fact in the cold war is that we do not trust the Russians enough to agree to destroy our atomic weapons and facilities for making them until we are in a position to satisfy ourselves, by international inspection and control of their facilities, that they do not secretly stockpile atomic bombs. The Russians, for their part, are not willing to entrust to an international atomic development authority, which they claim would be under Anglo-American domination, adequate functions of control, agreed beforehand and embodied in a treaty. This is merely another way of saying, Mr. Speaker, that the problem of peace is much broader than the problem of agreeing on the clauses of a tready to prohibit the use of the atom bomb. It is the problem of establishing sufficient mutual confidence to tackle not only disarmament and the bomb but the whole range of major friction points—political, strategic and economic—which are witnesses today of the tragic division between the two worlds.

In conclusion, I come back to what our Prime Minister, then secretary of state of external affairs (Mr. St. Laurent), said eighteen months ago in this house. He spoke then of the "tragic inability of the western democracies and the eastern totalitarian states, led by the U.S.S.R., to establish any basis for co-operation or even any basis for mutual toleration." He went on to say: "We had hoped for mutual toleration founded on a genuine desire to live and let live. It seems now that we shall have to be content with toleration based on what I hope will be a healthy respect for the determination of each of us to prevent encroachment and resist domination by the others."

Since that statement of the Prime Minister, the democratic world has made good progress toward the limited but practicable goal which he outlined. For that progress along the road to at least limited collective security, we can be thankful.

Much, however, remains to be done, and no one can be very optimistic about the future. I say that without intending to be unduly panicky about the future. But no one can be unreasonably optimistic about the future as long as the free democratic and the Russian communist worlds face each other in fear, misunderstanding and mistrust.

In these international questions which I have been surveying, I fear, in a haphazard and inadequate way, Canada has made a good and effective contribution to the cause of good international relations and the achievement of real peace. Our prestige stands high among the nations; and I know that all Canadians will do their best to keep that position high.

At the same time, no Canadian government is ever likely to forget that the roots of a successful foreign policy must be deep in the knowledge and understanding of the people, in an enlightened awareness of what is in the best interests of our people. As I say, there should be no contradiction between our international and our national interests. In the difficult days ahead, while Canadian foreign policy must stand on its own feet, it must also march, whenever possible, in step with those who are or who will become our friends. It must be based on the true interest of Canada but of a Canada which could not, even if it desired to do so, remain isolated or insulated from the community of all peoples which now inhabit our small atomic world.

Mr. Gordon Graydon (Peel): Mr. Speaker, in the five minutes or less which are left before the noon recess intervenes, I have no intention of launching into the main points which I think are worthy of discussion following the comprehensive review of world affairs given by the Secretary of State for External Affairs (Mr. Pearson). However, I do want to point up one or two matters to which he referred.

In his closing sentences the minister intimated that the people of Canada must have a deep knowledge of external affairs. I heartily agree with that statement, because

we cannot hope to have the informed and intelligent support of the people of Canada in our foreign policies unless the people are informed constantly, continuously and fully as to the facts and conditions upon which the government bases those policies.

I should like to suggest that when an important debate on external affairs is to take place—and it is a matter of infrequency—it would only be fair for the government to inform the representatives in Ottawa of other countries—we must have something like thirty of them—so that they may have an opportunity of sitting in the galleries to listen. I counted only four of such representatives in the galleries this morning to hear the Secretary of State for External Affairs make his speech, which was the first major one on this subject by a government minister since the session of 1948.

If there was one thing more than another which the minister's speech conveyed to all parts of the house, it was the impossibility of covering world issues in an hour and three-quarters and doing it in such a way as to give full information to parliament and the public. The public deserves something more than a sporadic bit of information, such as we have been getting prior to this morning. I know the minister has been away on important public duties. We are all proud to share in the reflected glory which came to him as chairman of the main committee of the United Nations. I am not directing any adversely critical remarks to him on that score. But the government has to change its policy, I think, so that more than four per cent of the time of the house—the percentage given to external affairs in the last three sessions—may be given to what I think is the most important of all the issues before the people of Canada, namely, the issue of peace or war.

If you will allow me, Mr. Speaker, I should like to call it one o'clock.

Mr. Church: May I have two or three minutes to call the minister's attention to a matter—

Mr. St. Laurent: I think the hon. member should be informed that he has already spoken in this debate.

Mr. Church: The committee is just a whitewashing committee. That is all it is.

Mr. Speaker: There is no doubt that the hon. member for Broadview has already spoken in this debate. I would refer him to standing order 43.

At one o'clock the house took recess.

[Mr. Graydon.]

The house resumed at three o'clock.

NORTH ATLANTIC TREATY

ANNOUNCEMENT AS TO MEETINGS OF DEFENCE AND MILITARY COMMITTEES

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, with the permission of the house I should like to revert to motions in order to make a brief announcement.

Since the house met at eleven o'clock this morning an invitation has been received from Louis Johnson, Secretary of Defence of the United States of America and chairman of the defence committee under the North Atlantic treaty, to attend a meeting of that committee to be held at Paris on December 1. We have sent an acceptance of that invitation, and I shall attend the meeting.

We also received word that General Omar Bradley, the chairman of the military committee under the North Atlantic treaty, has summoned a meeting of that committee to be held also at Paris on November 29. Canada will be represented at that meeting by Lieutenant General Charles Foulkes, chairman of the chiefs of staff committee and chief of the general staff of Canada.

EXTERNAL AFFAIRS

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE—DEBATE CONTINUED ON STATEMENT OF MR. PEARSON

The house resumed consideration of the motion of Mr. Pearson that certain estimates of the Department of External Affairs be referred to the standing committee on external affairs.

Mr. Graydon: Mr. Speaker, before the noon recess I had addressed my remarks largely to the minister's observations with respect to a fuller measure of information being made available to parliament and the people with regard to international relations and world issues generally. I think there is an urgent need to build up a constructive and intelligent Canadian opinion on world affairs from one end of Canada to the other. In my opinion Canadians are hungry for a knowledge of world affairs.

As I look from one end of this chamber to the other I see a great number of hon. members who from time to time have taken it upon themselves to speak in various parts of Canada with respect to foreign relations. I think it might properly be said that many of us have spoken more on that subject than perhaps we have on any domestic issue. I think most of us who have done so have found that there is a great interest on the

part of the citizenry of this country in the problems which this parliament and government face. The Department of External Affairs ought to see to it that in the days that lie ahead the conditions which have existed in the days gone by shall not be perpetuated and that the government and the department take the people of Canada more fully into their confidence with respect to world affairs generally.

We should know what is going on outside this nation through information coming from governmental sources. We should know further what the government may decide from time to time they are going to do about it. On that score I am impelled to refer the house to the penetrating and constructive criticism of Mr. I. Norman Smith of the Ottawa *Journal,* an experienced observer in the field of international relations. Mr. Smith had something to say on this point only two weeks ago when he was writing from Lake Success. After taking the minister and his department to task in a friendly way for refusing to take the public of Canada into their confidence on the vital happenings in the world from day to day, and expressing the conviction that there is a great deal of news about what is going on in the world that Canadians do not get, he declared that while the Department of External Affairs gets that news and shapes its policies upon it, it only comes to the Canadian people in the form of the final decision.

One observation he made was that it is no answer to say that diplomatic information must not be let out. The British let out much more and so do the United States. Mr. Smith goes on to say:

> We lack informed controversy. And informed controversy makes for enthusiastic public support of intelligent foreign policy.
>
> The end effect of our present policy of secrecy is that we are told virtually nothing about the situation until suddenly we are told we are breaking diplomatic relations or refusing trade or even going to war.

Mr. Smith is not a man who thus speaks out without some provocation, and were it not for my limited time today I should like to quote him more fully. What he said has been emphasized lately in this chamber when the Prime Minister (Mr. St. Laurent) was asked in the house just a short time ago what Canada was going to do at the United Nations when the vote came for the Czechoslovakian or Yugoslavian candidature for a non-permanent seat on the security council. The Prime Minister indicated very clearly that in his opinion the question ought not to have been asked because it was the practice of the administration not to tell anybody what the government of Canada was going to do.

Not only were we not told what instructions were given on that occasion to the Canadian delegation; nobody has found out yet which way we voted. One would almost imagine that the Canadian people had no right to know what side they were being put on in New York and that the decision must remain locked up with only the government and its senior officials holding the key. We in Canada know how the United States and Britain voted, but apparently we are not to be informed of our own stand. I think we in this parliament and the people generally are entitled to that sort of information so long as the safety and security of the nation is not at stake.

Recently the United States government announced its intention to appoint a separate assistant secretary of state who would be charged with the specific responsibility of assisting the people in that nation to keep pace with the foreign policies of the government and its growing influence in world affairs. Such a move apparently seemed commendable to the United States government, not only on the ground that it helps its citizens to understand the foreign policies of the government, but for the more important reason that it recognizes that a foreign policy without public support could very easily become no foreign policy at all.

I am not suggesting that we should follow that move in all the details I have described. I think we have the machinery in our own Department of External Affairs which would make a drastic move of that kind unnecessary. There is in the Department of External Affairs an information division which in the main does a satisfactory job, but its activities must necessarily follow and not precede government decisions on policy. The result is that little information becomes available as to the various backgrounds upon which our foreign policies are based. I submit that full information is much more essential now that the government has retreated from its former policy of having multiple-party representation at the United Nations, although I am not suggesting that the government should go back to that practice at the moment.

When the government gets away from the people, whether on domestic issues or in the international field, there is always a tendency for a department to form itself into a little clique that thinks it knows better than the people the amount of information and the details thereof that should be given. We had a good example just before the house rose

for the noon recess. A question arose which I think is of vast concern and interest to the people of Canada generally. The Secretary of State for External Affairs (Mr. Pearson) spoke about the commonwealth of nations rather than the British commonwealth of nations. I am quite sure I have been guilty of doing so myself, and I imagine that other members on all sides of the house have also done so from time to time. For purposes of abbreviation the expression "commonwealth of nations" may sometimes be used inadvertently without the adjective "British", but I certainly think that we who have been guilty of that abbreviation from time to time would not want it understood that because we used the abbreviated form we meant something other than the British commonwealth of nations.

I want to say to the minister and the government that I think the services and contribution of Great Britain in the two world wars, which proved the bastion and bulwark of democracy, are enough to make the Canadian people proud to put the word "British" before the words "commonwealth of nations". I think no one has any need to apologize for that. I have no particular objection to people abbreviating, but I suggest that when they do so they ought to make it clear in the abbreviation that they mean the British commonwealth of nations.

It seems strange to me that an issue which is so important to the people should be casually put before parliament on an occasion such as this, and that we should learn officially for the first time in an introductory message from the minister that in some respects this country has turned its back upon the designation, "British commonwealth of nations", and has now adopted "commonwealth of nations". I think that only emphasizes what I have been trying to say, that we are not getting enough of the background and information whereby an intelligent opinion can be formed. That is a good example of the kind of surprise to which the parliament of Canada should not be subjected in this enlightened age.

I wish now to deal with the activities of the department and the minister. With the steady invasion of Canada into the field of foreign relations, accelerated greatly by our magnificent contribution, if I may say so, in two world wars, which gave us a prominent place at the San Francisco conference and has given us a prominent place in all international gatherings since that time, it is only natural that the department should have grown with great rapidity. As a matter of fact, it has grown to a high level of importance among the units of governmental administration at Ottawa. I think it is only fair to say that the department has attached to its personnel some of the ablest public servants of whom Canada can boast, and many of them young veterans of the last world war. It is a well-known fact that in the councils of the world—and those of us who have served with some of these officials overseas and in other places can bear testimony to what I am saying—our external affairs representatives have played a leading part. I desire to pay tribute to those who have played so important a role for Canada in its relations with other countries at global gatherings.

As far as possible, in my opinion, the issue of determining peace and war should not be subject to thoughtless or synthetic criticism. Nevertheless it is the duty of the opposition, by way of stimulating suggestions and careful examination, to make sure that the new department operates efficiently. Perhaps I should not use the word "new" because it is not new except in its recent development. The Department of External Affairs has mushroomed from a personnel of 392 in 1941 to a present total of 1,248. I think it is important that the opposition and parliament make sure that, by reason of inadequate constructive criticism, we do not allow the department to be the spoiled child of either the government or parliament.

I should like to say further that I am not particularly critical of the expenditure of money on our external affairs. I think of course that the opposition must always be on the alert to see that the taxpayer gets the best value for every dollar that is spent. I merely want to point out to the minister and to the department generally that in certain respects I think we ought carefully to scrutinize their expenditures. Canada's population constitutes only one out of every 188 of the entire world's population, and has a relatively small national income compared to some of those with which we have to compete. It is hard to avoid the human weakness of trying to keep up with the international Joneses. Sometimes the international Joneses have a much deeper purse from which to draw than we have. I am not pointing to any special detail of the department except to indicate that, although Canada's foreign affairs have largely been lifted out of the realm of narrow controversy from a party point of view, at the same time we must watch that the department does not in the future—and I am not saying it has done so in the past—run wild so far as its expenditures and these other matters are concerned.

I come now to another point, and I do so without reflection upon any of our present diplomatic representatives abroad. I think it can properly be said that, as far as possible, we should have representing us at the capitals of the nations of the world Canadians who are truly representative of some of the great sections of our population. They are our show windows. More often than not Canada is judged in a foreign country by the one man who goes from this dominion to represent us at that nation's capital. I think it will be at once seen how important it is today to choose the right man for the job, because of the increased importance of our international relations generally. We should be training for our senior diplomatic posts men whose backgrounds are solidly rooted in some of the main occupations of our people. At once it will come to the minds of hon. members that the Canadian farmer, the Canadian workman, the Canadian businessman, and Canadian women are four sections of the population out of the many that could be mentioned, but I think it is time we set out to formulate a policy whereby we shall ensure that our representatives in other countries will be truly representative of the Canadian people, their occupations, their ideals and so forth.

We draw men for diplomatic posts from some of the professions, but so far as I know we have pretty well neglected the agricultural colleges of our nation when we seek material for diplomatic representation abroad. We have not gone to the trade unions for material either, and in my opinion this shows a lack of practical vision which is rather essential for our future success in the diplomatic field. Therefore, I say it is time to pause, take inventory and construct a virile practical policy in so far as our foreign representation is concerned.

Before I leave the subject of the department itself I want to suggest to the government an amendment to the legislation creating the Department of External Affairs. I fancy the minister himself may find this suggestion rather welcome, as I hope other members of the house will. We should not have to continue to go through the agony of referring to the minister as the Secretary of State for External Affairs. Worse than that, we have to refer to the under-secretary of state for external affairs, and I believe there is still the further title of associate under-secretary of state for external affairs. If for no other reason than economy in printing, my suggestion ought to meet with favour. The terminology is clumsy, cumbersome and confusing. I suggest that the head of the department should be known, as he is practically always called now, as the Minister of External Affairs and his deputy as the deputy minister of external affairs. I have made this suggestion previously, but I want to press home upon the government the desirability of making this change in the interests not only of the minister and his deputy but of parliament and the people, and particularly the press.

Now for a moment I should like to deal with Canada's cardinal foreign policy. In all the speeches that are made and the discussions that take place from time to time I believe we must never lose sight of the fact that the cardinal policy for Canada must be the maintenance of permanent peace and security for our people. Around this desirable and essential objective we must range our diplomatic moves. This nation has a key part to play in peace, for no nation has a greater stake in international harmony than Canada. We have nothing to gain from war; we never did have anything to gain from war. We have everything to gain from peace. Our national objectives here at home, looking to the development of a heritage that no other people in the world have been privileged to enjoy, are predicated upon the nations of the world remaining at peace with each other. So I say, in the interests of ourselves and of others, our cardinal policy must never be lost sight of in the many diplomatic discussions that take place dealing with foreign affairs. We must never depart from the objective of international co-operation, understanding and peace.

It is easy to belittle the work of the United Nations; and I was pleased to hear what the Secretary of State for External Affairs (Mr. Pearson) had to say just a few hours ago in that regard. In many quarters it is fashionable to decry the work of that organization. I believe we as a nation should refuse to join the hue and cry against a well intentioned, if perhaps at times rather futile, instrument for collective security and world peace. When the shortcomings of the United Nations are being carefully inventoried and told in colourful language, it is well to remember that a perfect organization for peace is impossible in a yet imperfect world. We should not lay all the blame on the doorstep of the United Nations organization. It is frequently forgotten—I do not think the minister mentioned this in his hurried review this morning, but I want to mention it now—that when the United Nations organization was formed at San Francisco it was predicated upon what the world felt was a proper assumption; that is, that before it undertook any major operations we would have peace treaties between the nations that took part

in the last war. Instead of that, however, the United Nations has been forced to operate on a basis which was never contemplated. Peace treaties have not been signed, except with minor countries in Europe. The major peace treaties are outstanding, and perhaps that is one of the principal reasons why there is so much confusion, despair and discouragement with respect to the work of the organization.

Some of us in this house who were present when the organization was born at San Francisco are perhaps more discouraged and disappointed than anyone else. It was natural that we should have glorious hopes with respect to what that great organization might do. But to those who are enemies of the United Nations, those who are perhaps thoughtless opponents of that organization, I say we should pause and just think back as to what kind of world this would have been if there had been no positive and organized plan for permanent peace as the last armed holocaust drew to a close. Had that happened, in effect the nations of the world would have been admitting bankruptcy in ideals and objectives, and indeed in the field of world peace itself.

I do not think I want to go as far as the Prime Minister (Mr. St. Laurent) went some time ago, when he referred to one of the main organs of the United Nations as being "frozen in futility and divided by dissension", though I have no doubt that at times he must have felt that this description fitted it. I am not so sure I would go that far, however, and I do not think parliament generally wants to go that far. Nevertheless I think that as a nation we must realize that no matter how determined our country may be to preserve world peace, we cannot hope to bring about that peace, security and prosperity by our own efforts alone. Let us start with that assumption, no matter what party we may belong to in this House of Commons, because it is a stark, naked fact in this very uncertain world of today. Out of this realization was born the United Nations, a world-wide effort to organize peace-loving countries in a search for peace and progress on a universal scale. Unfortunately the effort to achieve collective security through this medium has not been as successful as had been hoped by the founders at San Francisco, because of the obstruction of a minority small to begin with but which has been increasing in numbers and power for a considerable time.

When we speak of that minority we might as well mention those to whom we refer. It is Soviet Russia and her satellite states who have been endeavouring to create chaos and confusion in the very organization that was set up to preserve peace and harmony in the world. As a result freedom-loving nations have proceeded with a search for collective security on another broad basis, yet within the charter of the United Nations itself. Our government, with the full endorsation of the people, have followed such a foreign policy and I believe are determined to continue to follow it. That policy is set out in the North Atlantic treaty.

Therefore I want to sound a note of warning against any tendency to underestimate or undervalue the work of the United Nations. There is a very definite and important job for this organization to do through its various agencies. In some respects it is doing that job. I believe it must still be given a chance to slowly but effectively knit and weave the pattern of international unity on a universal scale. We in Canada must never flag nor fail in our resolute quest for a just and lasting peace.

Before I leave the subject of the United Nations, I should like to mention that, after the first general assembly of 1946 in London, I took occasion to warn this parliament that the United Nations might easily become a glorified debating forum if certain circumstances prevailed for any length of time. My statement was made at a time when I was calling upon President Truman, Prime Minister Attlee and Premier Stalin. I called upon them not to boycott the United Nations but to come themselves and meet on common ground annually to clear away the fog of global differences. My fear was that with secondary representatives rather than the primary chiefs in command, issues might be dodged, decisions delayed and talk might replace action. Many of my fears have proven justified. I repeat the call. If the nations of the world desire peace, then I think it is up to the chiefs of the main nations of the world to go to the United Nations. If they think it is the important body they have told the rest of the world it is, then there is some responsibility on those chiefs to go to that organization, put their feet under a table and solve some of the problems the common people of the world want them to solve.

I should like to deal with a subject which was stressed by the minister when he made his speech, but I wish to deal with an aspect of it which he did not discuss. When the international atomic energy commission was set up at the first meeting of the general assembly of the United Nations in 1946, we were pleased to see the signal role of Canada recognized. She was appointed as one of the permanent members of that commission. The

strong and constant pressure exerted by Canadian representatives from time to time down to the present crisis, urging effective international control and inspection, has in my opinion, Mr. Speaker, carried the unanimous approval of the Canadian people. It would be a tragedy of the first magnitude, I submit, if such a destructive force as the atom should be allowed to run wild in time of war. Our very civilization may well be at stake in the issues now up for decision. I cannot emphasize too strongly the argument put forward by the minister on that point this morning when he spoke of atomic energy for peaceful use—yes; atomic energy for war—no. That is the Canadian policy in a nutshell. We must proceed to try to find agreement to control the use of atomic energy.

Evidence was given before the House of Commons committee on atomic energy which points up another issue which may well involve our external relations with the great republic to the south of us. Everyone who has spoken on behalf of this government has said that, so far as Canada is concerned, our part in the development of atomic energy is the development of it for peaceful purposes and industrial use. That is what we should be doing; that is our job and the government says that is our policy.

The chairman of the Canadian atomic energy control board, in giving testimony before the committee the other day, stated that a United States law passed in 1946 prohibits Canada having with that country the same close contact she has with the United Kingdom. In a press dispatch reporting the proceedings of the committee the chairman is quoted as follows:

> Internally Chalk River's heavy water radioactive pile lets Canada do research that can't be done elsewhere, that eight universities on their own initiative are doing research of large value with state aid on capital outlays, and that it is "a tragedy"—

These are the chairman's own words:

> —it is "a tragedy" that secrecy requirements prevent industry from playing the role it could play in the atom's early era.

Since this appears to enter into the field of our external relations with the United States, we should be told what agreement or understanding on the international level these facts are predicated upon. As compared with the partnership between government and industry which characterizes the development of atomic energy on a peacetime basis in the United States, industry in Canada seems to be completely hobbled. More than that, it is said that fifty per cent of the United States atomic energy commission spending goes directly into industry and appears to indicate that the United States policy, in vivid contrast to ours, is to make available to industry such information as is possible within the limits of national safety and security. This enables industry to acquire the know-how of atomic energy and its direct application to industrial uses. No doubt the significance of that will come to the mind of every member of the house.

No one doubts the immense possibilities of this form of power in the domain of medicine, biology, agriculture and industry. Its future use may usher in an era of change of as vital importance to the people of this country and the world as did steam and electricity in the days long past. Its future use may be revolutionary in character and it may open up an era of which we have never even dreamed. Yet, the head of our atomic energy control board in Canada says it is a tragedy that industry is not participating in atomic research. The reason given is secrecy.

This policy adopted by one nation and not another might easily put Canadian industry and labour behind the "eight ball", to use a street term, in the competitive field of power and other atomic uses in the future. The people should be told whether this difference in policy in Canada is a domestic governmental decision or whether it is founded on some arrangement between the two countries on the international level. If it is the latter then this house should know what that understanding or agreement is.

I come now, Mr. Speaker, to another matter which is of paramount importance in the discussion of our foreign affairs today. When the Canadian signature was placed upon the North Atlantic treaty, it marked a major departure from Canada's previously expounded anti-commitment policy in the field of world relations. It meant that this nation had caught the spirit of reality in the realm of collective security and was prepared to say what this country would do in a given set of circumstances. So determined are our people that the world's war dogs shall be kept behind doors barred and locked forever, the treaty passed parliament without a dissenting vote and was endorsed by the people generally. The scant disapproval given to it was given by those who have the mistaken idea that the communist system of government is better than our own democracy. As an instrument for peace rather than an instrument for war, as an instrument within rather than without the framework of the United Nations, it became necessary when the veto-ridden security council became nearly impotent as an enforcement body. The security council

lacked teeth. This was to provide the teeth required to see that peace is kept on an international scale. On September 19, 1947, Prime Minister St. Laurent, speaking as Canadian secretary of state for external affairs, told the general assembly of the United Nations meeting at that time:

> . . . that the nations, if forced, may seek greater safety in an association of democratic and peace-loving states, willing to accept more specific international obligations in return for a greater measure of national security.

On October 25, 1948, the present Minister of National Defence (Mr. Claxton), in a speech before the United Nations association in Toronto, announced that Canada's defence program was planned after consultation with others, so that what Canada might do in the way of defence would fit into any subsequent plan that might be arrived at after parliament had given approval to the Atlantic pact.

On November 26, 1948, the Secretary of State for External Affairs (Mr. Pearson), in a press conference at The Hague, is reported to have said:

> . . . that Canada will commit herself freely to military measures specific enough for security.

Since these statements of Canadian foreign policy were announced, Canada and eleven other countries have signed the Atlantic pact. Although the Atlantic pact was ratified at the last session of parliament, the specific obligations of that pact have not yet been made public. I am convinced that the time has come for parliament and the country to be given more facts as to our obligations under the Atlantic pact.

I read the report of the debate on Friday, in which the Minister of National Defence had something to say with respect to Canada's defence policy. If any reading of his words bears out what his intentions were, then it would seem to me that it was delightfully vague with respect to the relationship of Canada's specific commitments under the North Atlantic treaty and Canada's defence plan and policy at home. It was a delightfully vague disposal of the whole problem. More than that, I listened this morning to the Secretary of State for External Affairs speaking in excellent language, conveying his thoughts to the house in an eloquent way, but still not getting to the point as to just what were our commitments of a specific character in the way of national defence as related to the North Atlantic treaty. I suggest that the Secretary of State for External Affairs can hardly say that he is not yet ready to divulge such information, in view of his statement in the House of Commons on September 16 last. In reply to a question he said:

> The report has been considered by the government, and we think it provides a suitable basis for the organization required under the Atlantic pact, so that it can become an effective instrument for the carrying out of its primary purpose, that of assisting the United Nations in preserving peace and preventing aggression.

After all, if the Secretary of State for External Affairs can, in effect, announce to the nation on September 16 that the Atlantic defence structure, as drafted, is satisfactory to Canada, surely at this date, many weeks later, either he or the Minister of National Defence should be able to give a much clearer, much more definite and much more constructive answer than has already been given.

The Canadian people are entitled to know what it is that we are committed to under the North Atlantic treaty. Once they know what we are committed to under that treaty, there will be no doubt as to the kind of full support the Canadian people will be prepared to give to the government. When they are going to give that support, I think they are entitled to have the government take them into their confidence in connection with it. I do not think it is proper to have too many of these things kept in the exclusive preserve of the government. There are a great many things that ought to be in the exclusive preserve of the people. I cannot think that the minister will allow this present discussion to terminate without presenting to the Canadian people what it has meant in terms of commitments and present and future plans of defence for this nation to sign the Atlantic pact. Parliament and the people gave ungrudging support to the government on the principle of the Atlantic pact. I think the government ought now to give ungrudgingly the information to which the people of Canada are entitled —always, of course, within the limits of national safety and security.

Now I come to another point and that is Canada's relations with Britain and the United States. This nation's foreign policy and her very position in international affairs are influenced very materially by Anglo-American relations. More than all others there are three great powers whose friendship with us, and with each other, has made our diplomatic path easier in the past. Upon the continuance of this relationship will be founded much of our security in the future. Britain, France and the United States, without reflecting upon any other group of nations, have been singularly close to us in geography, ideals, objectives and sentiment. In two great wars all four of those nations fought

side by side. May there never come a time when our relations with any of them suffer decline.

I was interested in a reference made this morning by the minister. It was a characteristic reference of his. He said that, in our relations with the United States, after all perhaps we should not take too much for granted—and I agree with that sentiment—and that in the case of diplomacy with the United States, just as in marriage and friendship, we should not allow those relations to be weakened by neglect.

I can readily recall the foreign secretary of Britain answering a question on the floor of the United Kingdom parliament in 1945, when someone asked him at that time—and I think it was an opposition question—whether the minister did not think it would be a good thing if Britain had more meetings with the Russians as the diplomatic relations between the countries were somewhat deteriorating. I can quite well remember Mr. Bevin standing up. I can see him to this day. I wondered what kind of answer he would give. He said something to this effect: My hon. friend must surely know that many close friendships are made very much closer the less often some of these friends see each other. I could not help repeating that story today, but I do not think it applies to a relationship which is as close and intimate as that between Canada and the United States; closeness and intimacy must always remain characteristics of our relations with our great neighbour to the south.

In view of the fact that Britain is a member nation with us in the great commonwealth family—and when I say "commonwealth family", I want to say that the connotation there is the British commonwealth family, so there will be no excuse for anyone questioning me in that regard if I happen to abbreviate in the future—and that we and they enjoy the privilege and honour of the same crowned head, and in consequence of the further fact that sentiment plays such an important role in our family relations, it would seem to me that an effort should be made to bring our royal family in closer contact with the people of Canada. The year 1939 was the first time that a governing monarch of Britain or Canada ever set foot upon Canadian soil.

That always seemed to me unfortunate and particularly when the unifying results which attended Their Majesties' visit at that time were so apparent and real. In my opinion, our Canadian children should not have to leave Canada to be able to see their own King and Queen. At more frequent intervals, subject to the health of Their Majesties, we should have them with us in our own land. This would constitute a first step towards the laudable objective of having an itinerant crowned head residing for appropriate periods among his several groups of subjects. Only those who have been privileged to travel outside our borders have seen Their Royal Highnesses, the popular and idolized Princesses Elizabeth and Margaret. In my humble opinion, the government should exert every possible effort to have Princess Margaret visit Canada next year, as has been hinted in other quarters of recent days. Her beauty, charm and youth would go far to establish firmly in the hearts of the Canadian people the love and affection in which the royal family is held in every corner of this land. We can assure the princess of a welcome, the warmth of which will be matched only by that tendered to her royal father and mother a decade before, and which will be later tendered to her illustrious sister and the Duke of Edinburgh, and last but not least bonnie Prince Charlie himself.

I want to turn for a moment, if I may, to the continent of Europe, which for a long time has seen the seeds of war planted beneath her soil. I think it can be said that the establishment of the western union, the signing of the North Atlantic treaty, which brought in the power of the new world as a factor in the stabilization of Europe, the institution of the so-called parliament of Europe and the success of the west in the Berlin impasse, all played a vital part in re-establishing the position of the western democracies in the troubled European scene.

The Berlin blockade, which has since been lifted, was a turning point in the cold war for prestige in the neurotic continent of Europe. Before the Berlin impasse occurred, the prestige of the western democratic powers had reached the lowest ebb since the second world war came to a close. The shattered continent wondered what the future had in store for it; would it be democracy or communism? The western powers seemed so far away. No matter what their will was, were they able to carry it out? And at the same time the hot breath of the nearby Russian bear was blowing down their necks.

When the allied powers made a decisive stand on the Berlin blockade and organized the world's most successful airlift, it brought democracy back into the running again so far as the continent of Europe was concerned. It turned the tide. Since that time the Russian foreign ministry has changed hands. Yugoslavia seems to have mutinied, Italy has strengthened its democratic position and

France shows definite signs of recovery and consequent attachment to the democratic cause. The cold war has not gone so well for Russia in Europe as she had hoped, but we shall do well not to underestimate the dangers which still are so apparent there when we hear that Malenkov, one of the top members of the politburo, said in Moscow only a few days ago that Russia had the atomic bomb; that a third world war would destroy capitalism; that the United States was plotting armed intervention in countries bordering the Soviet union, but that the Soviet union of course sought nothing except peace.

We should not be lulled into a sense of false security by honeyed phrases and sweet nothings. We should realize that the threat of Russian aggression is no less because of this apparent shift in strategy.

It is now evident to Russia that the communist policy of threats and name-calling displayed in the cold war failed to shake the democracies or their policies. This new approach is merely a shift from cold war to cold diplomacy. This new peace-talk diplomacy of Russia is not a shift of goals but merely a shift of methods designed to lead us down the primrose path of complacency along which democracies are so vulnerable.

I should like to have time this afternoon to deal with some of the things that are reported to be happening within the Soviet-controlled part of the continent, but time is fleeting. I do want however to make reference to one thing before I leave Europe. There are important current developments on the west German diplomatic front today. The minister dealt with them as best he could in the limited time at his disposal this morning. The government should furnish such facts to parliament and to the people as can safely be given so that public opinion can crystallize with respect to the pros and cons of the proposal to bring gradually this part of Germany into the western democratic orb. It will at once be seen that this is essential in a nation like Canada which lost so many of the flower of its manhood in two wars. Keeping that in mind one will readily see how important it is; and I emphasize this upon the government with every bit of earnestness that I have at my command. I suggest to the government that they ought to give the public sufficient facts so that public opinion may be crystallized upon this particular point, because it is a matter of major importance to this nation that we have a supporting public behind any move of that kind that may be made. A confused opinion based on sketchy and inadequate facts may be a serious matter. The house should be told whether the newspaper reports hinting at an exchange of diplomats between Ottawa and the west German capital of Bonn have any foundation in fact. We should be told, too, whether in fact the western democracies are extending their frontiers, as the Secretary of State of the United States, Dean Acheson, said only a few days ago; whether they are extending them to the banks of the Elbe. The interest of the average Canadian in the stirringly vital movements in Europe is both keen and urgent. He knows that in this war-shattered continent may well be found the answer of peace or war in the critical days of tomorrow.

I now have a word to say with respect to the Far East. With four hundred millions of people added to the vast population previously within the orb of communism it can well be said that the danger spot for democracy is shifting to the Far East. China, a permanent member of the security council and former friend of the democracies, now has by armed revolution reversed her world allegiances. This change has far-reaching consequences for us as well as the other western powers. In a sense—I want hon. members to give some thought to this, if they will—China is today in a more inferior position as a former ally than if she had been our enemy in world war II. Today she has been abandoned to imperialistic aggression by Russian communism while Japan is occupied by democratic forces striving to restore her economy and establish a free government. Such are the puzzling situations that sometimes come to our attention in world affairs.

The Canadian ambassador is back from China. He should be called before the external affairs committee to testify upon the present conditions in that war-torn land. The hearts of Canadians are sad over the plight of China, for those of her people who have come to this country have been conscientious, honest and industrious citizens and have created a most favourable impression by their conduct among us.

Therefore, Canadians would like to know whether the new pro-Russian regime in China is likely to be more communist than Chinese or more Chinese than communist. Something may depend upon that, and we should be kept abreast of the information on that crucial point. We should know what information exists on the possibilities of further communist aggression in the strategic Far East. In short, the puzzled and confusing Chinese picture should be unveiled in the interests of a more intelligent and informed Canadian public opinion.

Coming to the close of my remarks I should like to deal now with a matter which I think is of paramount importance to this house and this country, and I refer to India. Many times it has been said with effect that the British commonwealth of nations can never be a static thing. Recent world developments have proved beyond question the soundness of that statement. For years the movement for liberation and independence was guided, fostered and promoted by Mahatma Gandhi and his devoted followers in that heavily populated land. Independence finally came, but with its birth came painful internal struggles and wide divergences of opinion between followers of different religious beliefs. But out of it came Pakistan and India, out of it came a great Indian leader and prime minister.

Pandit Nehru, the many-times-imprisoned disciple of Gandhi, assumed an even more important place in the sun with the assassination of the great Gandhi himself. In the confused and puzzled picture of the Far East, Nehru stands out as the beacon light of democracy against totalitarianism. His role is a difficult one to play in the internal and international field. With China temporarily mastered by communist forces, with many obstacles to reforms existing within the Indian nation itself, Nehru's task is a herculean one. I could not help thinking as he stood in this chamber a few short weeks ago, charged with the responsibility of governing over three hundred millions of people, that for both India and Canada a new era was breaking and that a new dawn had come in commonwealth change and development. Here was a man who had spent thirteen of his most productive years in British jails. It is a testimony to his tolerance, his greatness and his common sense that, despite all that he has gone through, he prefers to leave his nation, though a republic, still within the family of the British commonwealth. It is a tribute to the United Kingdom, it is a tribute to Nehru, it is a tribute to India, it is a tribute to the British commonwealth of nations.

As he was addressing us the thought must have occurred time after time to his listeners that there stood a great commonwealth statesman upon whose shoulders was being laid perhaps the main burden of defending the Far East and its teeming millions from the invasion of atheistic communism. Nehru's visit to Canada was more than an accident; it was a symbol of a coming understanding between east and west. It provided an opportunity for closer relationship between this great dominion and India as well as her sister dominions of Pakistan and Ceylon. In the light of all this I should like at this time to make what I hope will be a constructive and far-reaching suggestion. I know it will be breaking new ground.

If the Prime Minister of Canada has not already received an invitation from the Indian government to pay a visit to India, and I rather fancy he has, then I think it should be made known to the Indian government and its Prime Minister that the Canadian Prime Minister would welcome an invitation to visit India at a convenient time, some time after the close of the next session of this parliament, and that he should institute for the first time in diplomatic history and provide personal leadership to a goodwill trek of representative Canadians to the new Indian nation and to our other commonwealth sisters in the east.

In the years that lie ahead, many Canadians will be going to India and other Far Eastern areas for business, diplomatic and other reasons. Such a good will visit by our own Prime Minister and by leading representative people from both our urban and our rural Canada, not confined to diplomats, not confined to men in politics, not confined to men in business, but broadly speaking a small but significant cross-section of the Canadian people, would be heralded the world over as a visit which broke new ground in a new era of international good will, co-operation and understanding. It would show the Indian people that Canada is interested in them, that Canada wants to be a co-operative sister with her in the great British commonwealth family, and that Canada is anxious that we shall establish as soon as possible a good trading relationship, because very often friendship flows with trade. And when that good will party, led by the Prime Minister, comes back to Canada, its very representative personnel would be able to take into the corners of Canada the story of India and her possibilities and the homes of Canada would be made more familiar with India, her problems, her people and her possibilities. This nation should not let this opportunity pass. We should be the first to extend a personal word of greeting through our own Canadian folk to the Indian people at large. It would be the major move in uniting east and west in a closer and more co-operative British commonwealth family.

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, I am glad that my first word in taking part in this debate can be one of congratulation to the Secretary of State for External Affairs (Mr. Pearson) on the thoughtful and comprehensive review of Canadian external relations which he has

given to this house. I hope it will not prove an embarrassment to the minister if I say that the members of the C.C.F. liked his speech, not only because of the way in which it was delivered and the information it supplied but more so because of the moral and social philosophy which we felt was so much a part of it. I am sure the hon. member for Peel (Mr. Graydon) will pardon me if I do not follow him in the very forceful speech he made, but I do want to touch on one point which he raised at the beginning of his speech. It may not be an important point, but I think it is desirable that it should be settled and I think it is one of those points in our foreign relations that can be settled.

The hon. member objected to the term "commonwealth of nations," and maintained it should be "British commonwealth of nations." I had the feeling that that term was settled upon when the prime ministers met in London last April. I understood that it was not really a matter of choice, it was a question of whether there would be a British commonwealth of nations with two or more of the most important nations outside of it just because of its name, or whether we should have a commonwealth of nations in which the countries of India and Pakistan would be partners. That was my understanding and I notice that in British literature the term "commonwealth of nations" is used and not "British commonwealth of nations." As far as I am concerned the name is not important; what is important is the spirit of commonwealth. I am sure it will be there regardless of what name may be used.

I take part in the debate today with great hesitation. My hesitation is not because I have not arrived at conclusions about many of the problems discussed today. It arises from the fact that the issues involved in our international affairs are so varied and complex that the layman with his limited knowledge is not always sure if the conclusions arrived at are the right ones.

This afternoon I shall deal with a phase of our relations with other countries which I believe to be of paramount importance, and about which I have some understanding. I have in mind our economic relations. I am aware that economics and politics, nationally and internationally, are closely related. I am convinced that if the economic relations of the nations of the world do not run smoothly it is most unlikely that political relations will be satisfactory. I am also convinced that good economic relations among the nations of the world are necessary if we are to have progress, prosperity and peace.

Like the hon. member for Peel (Mr. Graydon), and indeed, all parties in the house, I accept the United Nations as the basis for our external relations. Nevertheless Canada's external affairs involve a great deal more than the United Nations because what can be done in that body is limited. Even if there were not the opposition of the Soviet union, I think that the limits imposed by the unwieldly character of the organization would make it impossible for the nations of the world to carry on all their efforts through that body.

We know that the United Nations is a divided institution. It is not divided into a government and an opposition as this house is, but is divided into a majority and an opposition. May I say that Andrei Vishinsky is the opposition leader par excellence to anyone who wants to take lessons in what a leader of an opposition should be. He knows exactly what he is going to say in every debate before he leaves Moscow for Lake Success. Every debate is a violent accusation of the motives and intentions of the other members, and at the end of it he will always say no.

It was my good fortune to attend the second session of the United Nations assembly in 1947 as one of the parliamentary advisers to the Canadian delegation. In the six weeks that I had the opportunity of watching the proceedings of the assembly or its committees, never once did Mr. Vishinsky say that he agreed with anything that was proposed unless it was proposed by the Soviet bloc. That is what makes one almost despair of the United Nations. Indeed, I felt most pessimistic about its value during the time I spent there. I think the farther one is away from it the more hopeful one is that it may be of some use in settling world problems. That does not mean, however, that the Soviet union may not change its mind some day.

I have mentioned Mr. Vishinsky. I should also like to say that I am indeed pleased to note that the Canadian delegation to the United Nations assembly has begun to talk to Mr. Vishinsky in the only language that he understands. They are talking back to him. When I was there in 1947 I thought the only delegate who talked back to Mr. Vishinsky was Hector McNeil of Great Britain. I am glad indeed to see that the Secretary of State for External Affairs (Mr. Pearson) and only yesterday the Minister of National Health and Welfare (Mr. Martin) made speeches in which they talked to Mr. Vishinsky in the only terms that he understands.

I have had long experience in debating with communists, and I learned early that the only way to reply to them when they become belligerent is to become more belligerent.

Mr. Knowles: The same way you talk to the Minister of Trade and Commerce (Mr. Howe).

Mr. MacInnis: The way I talk to anyone who starts to get nasty. I likened the United Nations organization to a parliament, but of course there is a vital difference. In a parliament when the opposition has done its best or its worst, whichever way you look at it and I imagine the way you look at it depends on what side of the house you are on, the majority settles the question, and that finishes it. In the United Nations the minority makes the decisions, and the minority in this instance decides that nothing shall be done about things that matter. That is the real result of the veto in the security council.

I come now to the next point I wish to make. If we cannot do through the United Nations everything that we would like to do about our international affairs, then we must decide to do these things in other ways. We have already adopted that procedure. Less than a year ago the countries on both sides of the Atlantic ocean decided to enter into a treaty for collective defence. I was glad that the Secretary of State for External Affairs referred to that treaty today, and that he referred to a phase of it in regard to which I am to say a few words. I am firmly convinced that, while the treaty provides for economic as well as military co-operation, we have not done as much to promote and co-ordinate economic co-operation amongst the nations signatory to the Atlantic pact as we have on the military side. The minister referred to article 2 this forenoon, but he did not read it. I think I will read it so hon. members may see that it is quite explicit with respect to the matter of economic co-operation:

> 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 agree that there has been some co-operation; but in my opinion the efforts at co-operation in the economic field have been half-hearted and not very successful. That is all-important, in my view, because if the nations of the North Atlantic pact are not economically strong they cannot be militarily strong, because our military strength will depend upon our economic strength. So it seems to me, and I have been thinking about this for some considerable time, that the most disturbing aspect of our external relations, apart from the refusal of the soviet bloc to co-operate with other countries in the United Nations, is the fact that the western nations themselves do not accept co-operation as being good in itself. What has been done through Marshall aid was not done so much to help the countries of Europe build up their economies and improve their standards of living because that was desirable in itself. It was done more as a means of fighting communism, which at the time was becoming a threat to the peace, and not only the peace but the political stability, of several of the countries of Europe.

Yet co-operation has justified itself in times so recent as to be still within the memory of all. I refer, of course, to the co-operation among the countries opposed to Germany and Japan in the last war. So I would urge this government and its representatives to stress to other countries, and to practise as its own policy, economic co-operation with all the countries of the world who are willing to co-operate with us. In my opinion economic co-operation is absolutely essential if we are to lay the foundation for an enduring peace. I agree that where possible co-operation should be carried on within the United Nations, but where that is not possible it must be carried on outside that organization. We must always remember that when economic relations between nations are one-sided and unstable it is impossible for them to maintain mutual confidence and co-operation in other phases of their economic relationships, no matter how great or important may be those other phases of mutual interest.

In the present economic crisis of the free nations, any attempts to justify a given form of settlement largely upon the grounds of overriding political and military expediency are, therefore, in my opinion, based upon a fallacy. Unless economic settlements are both equitable and workable, the political and military efforts will be rendered not only impotent in themselves but will become provocative of friction. It is in the field of trade and commercial relationships that we encounter our greatest difficulties in this regard. I do not believe that cutthroat competition or indeed any other competition and co-operation can be carried on at one and the same time. I feel that the old concept of economic competition is impossible in the new world situation confronting us. In our economic dealings with other countries we shall have to keep in mind their welfare as well as our own. Any dealings not based upon that principle will not get us very far.

Today almost everyone believes that co-operation is good; that is, they believe in it in the abstract, or that it is good for the other fellow. A good example of that attitude appears in the conditions proposed by the United States when Marshall aid was first suggested to the countries of Europe. While believing in free enterprise itself, the United States virtually compelled the European nations to plan their economies, or in other words to co-operate in their economic activities. I want to make it clear that I am not finding fault with the United States for making planning and co-operation a condition of receiving aid. It was essential that this be done. The idea I wish to convey is that international planning and co-operation cannot stop with the countries of Europe. It must also include, at least among the Atlantic pact countries, the United States and Canada.

In his speeches both here and in Europe Paul G. Hoffman, economic administrator, never wearies of insisting that the people of Europe plan and co-operate. I do not know whether he realizes that planning and co-operation will not produce the results desired, that is progress and stability in Europe, if the largest and strongest nation in the western group does not participate fully in that co-operative effort. Mr. Hoffman spoke to the Canadian chamber of commerce in Montreal on October 27. His speech was reported in the Montreal *Gazette* of the following morning, and I should like to read a few words from that report because I believe they support the point I am trying to stress. Speaking of the attitude of the American people toward foreign aid and European affairs he said there was "sleepiness, apathy and wishful thinking" on the part of the people. Then he continued:

> One would suppose that after two world wars and the threat of another, there would be little apathy about what was going on in the community of our neighbours. How much does it take to make us realize that we are living in an inescapably interdependent world? How long will it be before we understand that if we, the free nations of the world, want to avoid world war III we must stick together and work together?

It is not that we must fight together, but we must work together if we are going to avoid another world war. That, Mr. Speaker, is the point I wish to make in this debate, that we must work together for the good of each other and not each one for himself. That is as true of nations as it is of individuals.

Mr. Hoffman is only one of a great many prominent men who have recently made statements stressing the urgent necessity for economic co-operation among the nations if we are to get through this crisis, and if we are to eliminate poverty and put our economic order on a stable basis. All these men do not use the same words, but they did stress the interdependence of the nations of the world and the necessity of co-operation.

As my next witness in this case, I should like to bring Canada's Minister of Finance. I am sure that members opposite and the members on my far right will be glad to listen to what the Minister of Finance has to say. I am reading from the "External Affairs Bulletin" for October, which contains a report of the speech made by the Minister of Finance (Mr. Abbott) at the sterling-dollar meeting in Washington at which representatives of Canada, the United States and Great Britain were present.

Referring to the origins of the crisis the Minister of Finance said:

> As to their origins, we know that they are found, largely, in the upheaval on the various countries that took part in them. We don't forget that from 1939 to 1945 the people of the United Kingdom—whose present financial difficulties bring us here—were mobilized for total war to an extent not reached by the other western allies; and that the gigantic effort then made is a major source of the difficulties which they are experiencing today. We also know that when victory was won they did not relax. They kept on working. We in Canada pay tribute to that spirit—and to the magnificent assistance and encouragement given to it by the government and people of the United States.
>
> The two things together make a fine chapter in the story of co-operation between countries. It would be nothing less than tragedy—from which only the men behind the Kremlin walls would benefit—if that co-operation in which Canada and I'm sure other countries would wish to share—could not be effectively continued in the search for a solution to the problems on our agenda. Certainly no solution can be found except through co-operative action—

One can see how often the word "co-operation" comes into the statement.

> Certainly no solution can be found except through co-operative action—extending beyond this meeting. Such action means, of course, more than finding a solution which requires action only by someone else.
>
> In recent months the western democracies have made great progress in building a structure for political co-operation, particularly through the Atlantic pact. In that pact, we recognize the simple but essential fact that an attack on one is an attack on all and that we will, individually and in concert, take the necessary action to restore and maintain security. That principle is as important in economic as it is in political co-operation. In fact, one may not be able to exist without the other. Economically and in the field of human welfare our fortunes are also linked and we go up or down together.

I should like to repeat the last three lines.

> That principle is as important in economic as it is in political co-operation. In fact, one may not be able to exist without the other. Economically and in the field of human welfare our fortunes are also linked and we go up or down together.

I do not believe that anything could make the urgent necessity of economic co-operation as well as military co-operation more clear

than the words of the Minister of Finance. If there is not military aggression, the one will not be needed; but whether or not there is military aggression the prosperity not only of Canada but of the European countries—indeed of the countries of the whole world—depends upon co-operation amongst the nations.

Referring to another of the world's prominent people, I may say that Dean Acheson, the Secretary of State of the United States, spoke along similar lines at a meeting of the national foreign trade council about two weeks ago. He pointed out to the people of the United States—I should like the members to note this—that gifts of goods and money to other countries was not enough. He said there must be co-operation in trade. The United States must buy as well as sell if there is to be a balance in world trade and stability in economic affairs. May I say that here—in the matter of trade—is where the great difficulty arises because so many countries today are organized to produce the same things, to build the same things, or to provide the same services.

I am convinced that if we are to have any freedom of trade, it must mean more than the removal of trade barriers. We shall have to sit down with the countries of the world and decide what we are prepared to take from them in the way of goods and services, and what they are prepared to take from us. It will be poor economy, indeed useless, for us to be competing as to which one can more cheaply produce the same type of goods or, indeed, come to the point where goods are being subsidized in order that they may be sold abroad.

It would be quite easy, Mr. Speaker, to multiply many times the few names I have mentioned of men prominent in different phases of world affairs who are convinced that economic progress, if not the survival of civilization itself as we know it depends upon closer co-operation among the nations of the world than we have had up to now. That co-operation, let me repeat, must first be in economic matters. Political co-operation cannot long survive competition or a policy of everyone for himself. I stress this point now because it seems to me that we are approaching a new phase in international relations. The war co-operation and the pooling of resources for war purposes came to an end with the end of hostilities. Then came the phase of rebuilding the economies of the countries engaged with us in the war and of some enemy countries as well. We were also catching up on the shortages of goods and services in our own countries. I believe that stage, too, is about finished. I do not mean that the damages of war have been repaired or the dislocations caused by the war overcome. We must realize that the productive capacities of the countries of Europe have now been restored to a point where, in some countries, it is greater than pre-war. As always happens under our system, it creates a struggle for markets. A struggle for markets must be resolved in co-operation. Otherwise the struggle for markets, if it does not lead the western nations themselves into war, will destroy that co-operation that has been so helpful from the beginning of the war to now.

Not only that—and this point also was mentioned by the minister in his speech—but we have to consider Germany and Japan, two former enemy countries. With the assistance of the victor nations, they too are building their economic and political institutions and have already restored them to such a point that, very shortly, Canada in concert with the other nations of like mind must, in my opinion, decide where those people are going to fit in the community of nations. Where will there be a market for the enormous production of the industrial capacity of the countries of Japan and Germany? These are questions that we must solve before we are sure of peace. Again, in my opinion they can only be solved through economic co-operation.

Some few weeks ago this parliament extended a warm and sincere welcome to Pandit Nehru, the prime minister of India. I was glad to note that the welcome he received here was repeated when he visited my city only a few days later. Perhaps no other visitor to that city has received a warmer and more spontaneous welcome than that which was given to the prime minister of India.

I should like to pause here just for a moment, because members of this house are sometimes critical of the present government of the United Kingdom. But I wonder whether we in Canada appreciate the service which the Labour government did for the democratic peoples of the whole world when they gave unconditional independence to India and Burma. Just think of what the situation would be in Asia today if that independence had been withheld or if India had gained her independence by force; surely we must all realize that the situation in Asia would be much darker today than it is. I would agree with the hon. member for Peel (Mr. Graydon), although possibly not just exactly in the same terms, that the time is ripe for closer economic co-operation between India and Canada.

I am not pessimistic about the future. I do not say that I am optimistic either. But on balance, I believe there are in the world trends toward both economic and political co-operation. I do not think anyone could have heard the speech of the Secretary of State for External Affairs (Mr. Pearson) today without feeling that he also is thinking in that way. Any pessimism on my part arises from the fact that I fear that we are too lackadaisical about peace and war. I am afraid we have not nearly as much time as we think we have, and that we should move much faster in seeking the economic and political co-operation of other nations that think as we do. In that way only can we find a permanent solution to the difficulties of our time.

There are indications in that direction. In the Ottawa *Citizen* of November 11—that is Armistice day—there was a report of a conference held at Canberra, Australia, where representatives of Britain, New Zealand and Australia met to discuss "the extension of friendly relations as the best bulwark against any extremist or disruptive developments in southeast Asian countries."

The Secretary of State for External Affairs today mentioned the situation in the Far East, and he rightly said, I think, that we were interested in the east because of our Pacific coast as well as in Europe because we border on the Atlantic ocean. I wonder why we, as a member of the commonwealth, did not have a representative at Canberra. I think these meetings are just as important as any others; Canada has today just as many interests on the Pacific coast or in the Pacific ocean as it has on the Atlantic ocean.

I am just about finished, Mr. Speaker; I have only one or two words to say.

Mr. Graydon: Go ahead.

Mr. MacInnis: I conclude by saying that such items as the one I mentioned, the meeting in Canberra, give us hope because they indicate a new approach in our dealings with primitive and colonial peoples. Too long have we thought of such countries and such peoples in terms of natural resources and cheap labour, both to be exploited for profit. I hope that those days have disappeared and that, when we think of people, we will think of them as human beings, not as of some particular race, creed or colour.

Mr. E. G. Hansell (Macleod): Mr. Speaker, at the very outset of my remarks I should like to compliment the minister on his very able presentation of Canada's position in the international drama. Only this morning I thought as I had on a previous occasion the former prime minister did make one wise move when he picked the hon. gentleman out from the diplomatic corps and placed him in a position where he eventually found himself a minister of the crown. I do not suppose the former prime minister did it because the present Minister of External Affairs was a Liberal. I do not suppose anybody knew what he was politically, and I doubt whether even today by his expressions, except those in an election campaign, one could tell what he is politically. I believe he has a sincere desire to give his life to the service in which he has so successfully served over the past years.

I feel slightly reluctant to speak in this debate today. I must say I am extremely sorry that the leader of this group is unable to be with us today and take part in the initial debate on the estimates of the Department of External Affairs. The leader of this group is a member of a very important parliamentary committee, namely, the atomic energy committee, which committee today is sitting at Chalk River. Therefore, in much that I shall say I shall reflect perhaps my own personal views.

There was a time when hon. members knew that when discussion was taking place on external affairs the house would not be involved in a discussion of other departments of government administration. Likewise, when the estimates of expenditures for other departments were up for discussion hon. members could rest assured that foreign policy would have no reason to be discussed. It seems to me that that day is gone. The business of government has grown so complex that one department is found to be vitally interrelated with other departments. One hardly knows where to draw boundary lines between some of these departments. For instance, there is the Department of External Affairs, the Department of Finance, the Department of Trade and Commerce and the Department of National Defence. One knows not where one department ends and the other begins. Certainly, they overlap in their administrative duties. While I say that, I am not criticizing at all. I only repeat that over the years the business of government has become tremendously complex. In all probability this is due to the growing complexities of internationalism which confronts all nations in their relationship one with another.

To illustrate what I have been saying on this point may I refer to the recent Washington conference on the sterling-dollar crisis. It is to be noted that three of Canada's top-ranking cabinet ministers were in attendance. There was the Minister of Finance

(Mr. Abbott), the Secretary of State for External Affairs (Mr. Pearson) and the Minister of Trade and Commerce (Mr. Howe). No doubt lesser lights from other departments of government were there. This only goes to show, Mr. Speaker, that nowadays domestic policy and foreign policy are parts of the vast, complex and sometimes very serious world situations.

May I refer, Mr. Speaker, to a passage from a speech by the Minister of Finance at this same Washington conference on the sterling-dollar crisis. I read from the monthly bulletin entitled "External Affairs", which is published by the Department of External Affairs in Canada. The Minister of Finance is reported to have said:

> The forces of aggressive communism have recently been set back by concerted political action. They hope to regain that lost ground by exploiting the economic stability and difficulties which they claim are inherent in our system. It is up to us here—and in what follows these talks—to prove that these hopes and calculations are false.

It is pleasant, Mr. Speaker, to hear ministers of the crown, state officials and men of high diplomatic rank, express their good intentions. Those of us in parliament who are charged to legislate for the good of the nation, and if possible for the good of the world, want to know something more than that. We are not satisfied to learn that men in high places have good intentions. When he was speaking in another debate the other day, the hon. member for Lethbridge (Mr. Blackmore) reminded us that the road to hell is paved with good intentions. It is not enough for the doctor to be called in, and upon examining the patient, feeling his pulse, asking him to stick out his tongue and say "ah", to turn and scratch his head and say: "That is bad; we shall have to do something about it". We want to know what responsible government is going to do about it. The people who pay the bills and who may suffer if mistakes are made have a right to know why we do what we do and how we propose to do it.

In passing I might refer to a speech made not long ago by the President of the United States. This speech was publicized very widely and was regarded by some journalists as being one of the greatest speeches that he had ever made in his career. In that speech he promised economic security and welfare to the people of the United States. So publicized was this speech that I read it very carefully from beginning to end. While the President of the United States simply reiterated what had been said many times before by his predecessors and by the leaders of many nations, in all the speech he never once indicated in the least degree how the matter was to be accomplished.

Mr. Blackmore: That is the way they all do it.

Mr. Hansell: I feel certain, Mr. Speaker, that the entire world situation has resolved itself into a struggle between communism and democracy. It is not enough to use the words "communism" and "democracy". Those words have been bounced around so often that they have come to mean all things to all men according to the individual using them. The words have sometimes been used deliberately to confuse and confound.

I ask the government: What do they regard as the meanings of these words? Does communism merely mean the governing of nations by men whose first loyalty is to Stalin? Does democracy merely mean the government of free nations, so-called, with free parliaments, so-called? To me the meaning is much deeper. When one once gets the deeper meaning, the struggle is seen in its true light and appears to be more intricately involved and more intense.

Right here I do not think I could do better than to quote from an article which appeared not long ago in *Redbook* magazine. This was written by J. Edgar Hoover, director of the federal bureau of investigation in the United States. In his article Mr. Hoover pulls no punches. No one will doubt that when Mr. Hoover writes an article for publication he means what he says. I quote:

> The struggle between communism and democracy is more than a clash of political ideologies. It is the offensive of atheism against all forms of religions that base themselves on the belief in God.

Until we get that, we shall never be able to diagnose properly the extent of the disease which is beginning to grip the world. Perhaps it may appear that I am reverting to the practice of my profession when I speak in these terms; but may I remind you, Mr. Speaker, that at the opening of each session of this house it is your privilege to read a prayer which I believe is one of the greatest ever penned. I have tried in my small way to find out who penned that prayer and I have not been successful. In that prayer, unceasingly day by day, you pray on behalf of this house, "Thy kingdom come". Perhaps I might be so bold as to take you back to Holy Writ and show you where one of the greatest prophets of all time declared to the house of Israel: Unto us a child is born, unto us a son is given, and the government shall be upon his shoulder.

Seen in that light, the struggle I believe, becomes one between satanic powers and God's righteous power. Fundamentally it is a struggle in this world between Satan on the one hand and Christ on the other, each having a program. The satanic program is for the

eventual setting up of a ruthless world dictatorship while the other program is designed to establish eventually the kingdom of God on earth. The spoils of battle are the very souls, the very bodies, the very hearts and minds of the human race.

What all men in public life must determine, yea what the government above everyone else must determine, is whether this or that movement fits into the one program or the other. When it comes to government policy we must ask: Does this aid and abet the program for the eventual realization of a world satanic dictatorship, or does it aid in exposing the enemies of men, and assist in the program for the eventual establishment of the kingdom of God on earth when government shall be upon his shoulder?

Perhaps right here I should read a further extract from the article by Mr. J. Edgar Hoover. I want hon. members to notice this, because not only members of the government but every individual in public life, whether he be a government official, whether he be a teacher, whether he be a clergyman, or whatever he is, has reason to take note of these words. Mr. Hoover says:

> To every honest student of communism, the evidence is clear and unequivocal that communism is anti-God, anti-Christ and anti-moral. Communism is religion's mortal foe. . .
>
> No religion, denomination or sect has been spared the fury and contempt of the communists. God is their foe, and God's power over the civilized world is a barrier to their advances. The communist printing presses turned out thousands upon thousands of posters portraying God, Christ and religion in the vilest and most obscene manner conceivable.

The article goes on to bring out a point which I think should be impressed upon all public men and those who are interested in world affairs, and I quote:

> Many communist fronts have operated under the guise of some church commission or religious body. It is ghastly to see the monster atheism being nourished in the churches which it seeks to destroy. Church leaders can stop this nefarious infiltration by taking vigorous action in the boards and commissions under church supervision. Individual ministers and church members can avoid being hoodwinked if they will stay close to the fundamentals of their faith. Any minister who cannot find in his Bible sufficient argument for the cause of liberty and social justice—who has to borrow the double-talk of the communists—is in the wrong profession and should be carefully watched by his official superiors and by his congregation.

I for one in my capacity as a clergyman will say "Amen" to J. Edgar Hoover's remarks in that respect. When we are dealing with communism, we are dealing with a satanic force, the most powerful force on earth next to the almighty power of an omnipotent God. The struggle is one for world conquest. High ranking communists regard no price as too high, no sacrifice too great, as long as they can gain the ends of their satanic attempts to frustrate and defeat the purposes of God for the full and complete redemption of mankind, and the establishment of the kingdom of God on earth.

I have read rather considerably about the investigations that have been made in the United States by their congressional committees and subcommittees as to un-American activities. Without taking the time to read from some of their reports, I will say that these committees conclude that the intellectual doctrine of communism has frozen and does not change. Let us remember that in all our dealings with this vicious force. The forces of communism in their essential principles and objectives never change. Tactics may, strategy may, but their objectives never change. When we think of communist forces in that respect our minds turn to the way in which they deal with political offenders. I am not going into all the details, but one cannot help believing that these communist forces are satanic when one reads of the recent trial of Cardinal Mindszenty. His trial was one of the most inhuman and ghastly pieces of work that have ever been perpetrated upon any human being. The amazing and ghastly thing is that it was done according to satanic and communist concepts in the name of justice.

Is the danger over in Canada? We have not heard a great deal about these forces since the spy trials of a few years ago. I trust that those responsible for law and order in Canada are not resting upon their oars on the assumption that, since they were able to round up a few spies and send one or two of them to the penitentiary, therefore all is well. In the United States recently several top-ranking communists were declared guilty of attempting by force to overthrow the government. I am afraid there may be a danger that even the people of the United States will sit back now that all the fanfare is over, rest upon their oars and say: Now we can rest easy. That is not the case because, if communism is as satanic as I believe it to be, they will not relinquish their efforts until they have eventually gained their ultimate objective. As the saying goes, eternal vigilance is the price of freedom.

I turn now to another phase of the subject. I do not know how to view the recent reports that the United States of America is beginning to look upon Yugoslavia with some degree of favour. I am well aware, as we all are, that Tito and Stalin have had perhaps unpleasant words. Possibly matters have

reached a rather intense state between them. In his speech this morning the minister indicated as much, but even though that may be so, I wonder if the communist regime as such in Yugoslavia is any different to what it was in the days of Mihailovich. I for one would not presume to be qualified to say whether or not the United States should give aid to Yugoslavia, but we know that negotiations have been going on which indicate that the United States looks with some favour upon supplying war potential to Yugoslavia. I understand Yugoslavia has already applied to the world bank for a loan, in order to secure enough dollars under the world monetary fund. I am not expressing an opinion now whether the United States is doing right or wrong. I must confess my inability to arrive at a proper conclusion. I wish to say, however, that whatever is done about the relationship of the United States with Yugoslavia, I am afraid that our close connection with the United States will mean that we may automatically follow suit. I say I am not qualified to decide whether it would be right or wrong, but if we do so we must do so convinced in our own minds that communism in its essential characteristics does not change, whether it be in one of the satellite states, whether it be in Russia, or whether it be infiltrating into any other nation in the world.

I now come to China. I do not know how to view the situation with respect to our possible relationship with China. The minister gave a rather extended explanation of the situation there, and I think it was a truthful appraisal. Somehow or other I cannot free my mind from its rather confused and puzzled condition concerning our relationship with China over the past few years. Not many years ago the members of this house welcomed Madame Chiang Kai-shek to Canada. We remember her standing at the Clerk's table with microphones in front of her. We welcomed her with open arms. I happened to take some motion pictures as she was entering the parliament buildings with the former prime minister, a former speaker, the Speaker of the Senate and other dignitaries who welcomed her to the parliament of Canada. I cannot help thinking of the glorious reception given to her then. When she went to the United States a great reception was also held for her by the United States government and the people of that country. A few years later the same Madame Chiang Kai-shek came back. She did not visit Canada on that occasion but visited the United States seeking aid for her husband's regime, and what happened? The United States turned its back upon her, and sent her home.

Well, we can say what we like about the ruthlessness of the Chiang Kai-shek regime. Granting that it was ruthless in many aspects of its administration, I only ask this: was it any more ruthless when Madame Chiang Kai-shek visited North America first than when she made her second visit? Just here I should like to quote a passage from an article I read the other day by George Moorad, who wrote "Chiang Kai-shek: A Patriot Departs." I am going to read only one short paragraph:

> As for the charges of corruption in his government—

Referring to Chiang Kai-shek.

> —notably not against the person of Chiang Kai-shek but rather "the men around him"—a distinction between east and west must be made. Graft is the curse of Asiatic society, but if Stalin has been unable to shoot it out of soviet Russia, it is quite unreasonable to expect the weak Chinese to hold off invaders with one hand and clean up their Augean stables with the other. In view of his uphill struggle for Chinese independence it can hardly be argued that Chiang sought profit for himself or wilfully allowed corruption to thrive around him.

And later in this condensed article:

> As for America, whether we approved of Chiang Kai-shek or not, we did not hedge our bets with any other policy. Our chips were laid entirely on Chiang, and as he departs so goes our hard-won stake in China.

I have noticed in the press recently considerable space devoted to recognition of the new communist government in China. The Secretary of State for External Affairs (Mr. Pearson) made only passing reference to this point in his remarks. Somehow or other it seems that pressure is being brought to bear upon the nations in order to have them recognize the new government in China; but I cannot help noticing that in these press dispatches there are singular references to the various financial interests that some of the western democracies have in China. Here is one reference in an Associated Press dispatch of November 14:

> Hong Kong island was ceded to Britain in 1841, and she has a lease on the Kowloon peninsula until 1997. Until then, Britain's strained economy demands an effort to keep it, recognizing the reds could hardly make it harder to hang on, and might make it easier.

Another Associated Press dispatch from Washington under date of November 12 has this to say:

> Several motives are said by diplomatic authorities here to underlie the British decision to establish relations with the communists.
>
> Britain has extensive commercial interests in China . . .

Then further on:

There is some internal economic pressure upon Washington to recognize Peiping, but it is relatively small. Export-import firms and shipping lines in Pacific coast ports are urging recognition for business reasons.

I repeat that I do not feel qualified to say when Canada should agree to recognize the new government in China; but after reading these dispatches suggesting that China should be recognized because of certain financial stakes in that country, can it be that recognition of the Chinese government is to be speeded up by reason of economic investments and financial considerations? Let us pause and examine any contemplated recognition of the communist regime in China or anywhere else, as far as that goes, lest we sell our principles on the auction block of financial self-interest.

With respect to the recognition of China, I spoke to the hon. member for Peace River (Mr. Low), who is the leader of our national Social Credit party. I consulted him with regard to what formula we might propose for the recognition of new governments, and we came to this conclusion. The Social Credit movement favours diplomatic recognition of any country which has demonstrated (1) that it has a reasonably stable government; (2) that it has at least fairly well defined boundaries; (3) that it is independent of domination by any other country or force outside its own borders. Those are the three prerequisites we would require for recognition of any new government. My own view is that I would add another. I would say that should there be any shift of government following civil war, the new government should be given probation for a definite period of time, during which it must prove itself to be democratic in all essential principles, and its people free as we count men free.

I am aware, Mr. Speaker, that any diplomatic moves by our government or any other democratic government must be made with the greatest care. At the same time we must have vision and courage, and more than anything else the keenest sense of our responsibility toward the Creator of all men, our God, Who controls the destinies of worlds and nations and men, and Whose purpose is the establishment of a righteous peace among all men. Never was there a time when men talked so much of peace as they do today. And yet, never was there a time when men's hearts failed them so for fear of those things which are coming upon the earth. I plead with the government to move with the greatest caution in all that they do, particularly in the administration of their foreign policy. They should seek to determine a course that will coincide with the purpose of God in the realization of His kingdom which we, at the commencement of every sitting of this house, pray shall come upon the earth.

If Canada does this, I am sure we can leave the rest to an all-wise omnipotent God whose purpose is the establishment of the righteous reign of His own Son when the kingdoms of this world shall become the kingdoms of our Lord and of His Christ, when He shall reign forever and ever.

Mr. W. J. Browne (St. John's West): First of all, Mr. Speaker, I should like to publicly apologize to the Secretary of State for External Affairs (Mr. Pearson) for interrupting him in the course of his eloquent address today. I have already told him personally but I felt that the house was a little shocked by my interruption, and I am sorry it occurred. I was following the interesting remarks of the secretary of state so intently when he was discussing the position in regard to China and describing some of the conditions that Canada should have in mind in granting recognition to any government, that when he mentioned the "approval of the people of the country" the whole situation in Europe immediately surged to my mind. I felt like asking him in what country that is dominated by communism today have the people ever had an opportunity of expressing their opinion of the government that now dominates them.

If we are to begin with Russia and the countries that are described as satellites, in which minority communist organizations have controlled the major portion of the country, I do not think we can honestly find one country that could truly call itself democratic.

An hon. Member: What about Czechoslovakia?

Mr. Browne (St. John's West): I am glad my hon. friend has referred to Czechoslovakia. With that country in mind I went to see the Secretary of State for External Affairs. I told him that when I was listening to him I thought there was no country except Czechoslovakia which had accepted the communist government. The election in that country was rigged. I was under the impression, mistakenly, that Czechoslovakia had voted freely for the communist government. There are some who seem to be of a different opinion. I did not know anything about the elections being rigged, but there may be greater authorities on that subject than I am. There is no doubt about the other countries however, and there is no doubt that if the people of Czechoslovakia, after a year

and a half of the tyranny of the communists, had it to do over again they would not vote for the communist government.

I suppose most of the members in this house have been interested in this great Russian experiment in communism. I was glad to hear the member for Vancouver East (Mr. MacInnis) and the member who just took his seat express sentiments that were certainly not in sympathy with communism. Although it is my feeling that socialism in all countries is likely to lead to communism eventually, there are many sincere socialists who detest communism. We have only to look at the experience in England to see how the British government ejected from the ranks of the Labour party those who had come out strongly in favour of communism.

I should like to congratulate the Secretary of State for External Affairs on the lucid statement he gave this morning. I am sure everyone thoroughly enjoyed such a clear statement of policy on behalf of our government. As the member for Peel (Mr. Graydon) has said, it is a pity we do not more frequently receive information on these important matters. It was only the evening before last that I made reference to this subject when I said we would not think there was such a country as Russia in the world, nor would we think that China was now being overrun by a horde of armies which are supported by the government of Russia. I was glad, therefore, to have the opportunity of listening to the Secretary of State for External Affairs and to get his views on matters of such importance.

I believe that the Minister of National Health and Welfare (Mr. Martin) and the Secretary of State for External Affairs deserve congratulations on the manner in which they have carried on their duties at Lake Success. From what we read in the newspapers, there can be no doubt that they are up against hard-headed men who have a definite brief that they must take a certain line from which they cannot depart. This debate today affords us an opportunity of expressing our views on these important international questions. What seems to me to be most important of all is our attitude towards communism.

I believe, sir, that the mistake was made back in the days of Yalta. It probably does not do very much good to criticize two great public men such as the late President of the United States and the former Prime Minister of England. There can be no doubt about it, however, the initial mistake was made when Poland was sacrificed to Russia. In 1940 I remember reading an article by Hilaire Belloc, who was an authority on international affairs if there ever was one, and certainly on European affairs. In 1913 he predicted exactly what was going to happen in 1914. In 1940, he wrote this:

"We shall win the war if Poland is restored to its former status with an outlet to the sea."

When the great men who were leading us at the time sacrificed the Polish people and divided up the country, giving half of it to Russia, that was the beginning of the present international troubles. The two great allies were then in the strongest position they ever were, because they had supplied enormous quantities of munitions to Russia to enable her to withstand the gigantic assault of the German armies. If Russia had not had that source of supply, who would be so bold as to say they could have won the battle of Stalingrad and driven the Germans from their country? When the Polish people were urged by the Russians to rise in Warsaw and drive out the Germans, Russia would not assist the allies in sending aid. This extraordinary situation and the failure of our statesmen to make better provision for Poland have resulted in the more complicated situation that seems to be developing from time to time.

I am sure every hon. member was glad to hear the Secretary of State for External Affairs speaking about the conditions in Europe and the improvement in the western part of Europe. Last year and this year I had the privilege of visiting Europe. Last year in France I could see the beginnings of the work being undertaken there and could notice the energy with which the people were applying themselves to solving their problems. But this year it was obvious that great improvement had been made. Last year the people were in the throes of political troubles but eventually they got a government that lasted over a year. It was an anxious time for the people of France when they found it so difficult to get a government that commanded the confidence of the chamber of deputies. But they did get one, and the year was a great help to them.

In Italy this year the people were in good spirits and certainly were working hard to try to re-establish their country after the conquest over the communists. I have often thought—and I have so expressed myself a number of times—that we in this country do not appreciate what a terrific menace to the world communism is. If I make some extraordinary statements in regard to the social

structure of this country, Mr. Speaker, it is because I have seen at first hand over in Europe the fear that exists among such a large proportion of the people of what a minority might do if, through force, it got into power. We sail along on calm and pleasant seas and everything seems all right. But we know that these other countries were strong and healthy ones at one time, under the capitalist system. What happened to them to turn them into communist countries today, or at least into countries where communism has been so strong? Not all hon. members, perhaps, are aware of the situation that exists today in France, where so many of the young people have turned their backs upon religion, do not practise any religion, and are therefore the proper soil for communist doctrine; because to my mind communism seems to grow more rapidly when it is set in soil that is without religion. Therefore the hon. member who has just taken his seat was right when he was saying how important religion was as an offset to communism.

Do hon. members recall the beginning of the United Nations at San Francisco four years ago when the dispute came up about whether in their charter they were going to say anything about the Christian religion or about Almighty God, and when it was decided, out of deference to Russia again, that nothing would be said about Almighty God on Whom we all depend? That was an initial mistake, and the troubles that have followed have been perhaps partly due to that cause.

The Secretary of State for External Affairs (Mr. Pearson) made reference to Newfoundland on two occasions during his speech. He said that the airport at Gander was a great acquisition; and I have no doubt that it was a great acquisition to this country. It seems to me that our negotiators of confederation did not realize how strong a bargaining factor they had in their possession when they had the Gander airport. I hope that the negotiations that the Secretary of State for External Affairs speaks about will result in benefits to the whole of Canada, and to Newfoundland especially.

The bases were another thing about which we were worried and on which we criticized those who favoured confederation, because we were afraid that the Canadian government, if they took over those bases, would allow them to fall down. We are aware of the large amount of money—the hundreds of millions, I would say—which the United States government has spent in Newfoundland in order to build up these great bases. If the Canadian government took possession, we were doubtful whether they could maintain them on the same scale or not; and I am certainly doubtful whether this government could do so. Certainly they could not have built them on the same scale as the Americans built them. I hope, however, that there will be friendly co-operation between the two countries and that a satisfactory solution will eventually be worked out.

The hon. gentleman referred to the visits that we had here from members of the United Kingdom government and to the importance of co-operation between that government and our own. There is no doubt about that. But I am not sure whether the United Kingdom government in its internal policy—with which I suppose we have not much concern—has been following a line that would eventually lead to good international understanding. The members of the United Nations are not supposed to be concerned with the internal policies of other countries. I intended to say that one means by which a country tries to promote good will among nations is by its representation abroad and by international exhibitions. I had the privilege of attending the international exhibition at Milan in April of this year, at which there was a Canadian exhibit. It was a fine affair. Although they did not have a large exhibit, Canadians could be proud of what they had there at that time.

Mr. Cruickshank: Were there any British Columbia apples there?

Mr. Browne (St. John's West): There was nothing from Newfoundland there. I inquired from those in charge of the exhibition whether they had anything from Newfoundland. They said no, that when they organized the exhibition they did not have time for that. I do not think there was anything there from British Columbia either. The exhibit from Canada was principally a fur exhibit.

There is no doubt that this country is certainly dependent, to a large extent, on friendship with the United States. This friendship that has lasted so long and has been cemented so firmly by comradeship in two great wars must continue to be the foundation stone of this country's foreign policy. Reference to the international border is, I think, a good guarantee that this friendship is going to continue. We all have many reasons for wishing that this friendship would become stronger; I have many personal reasons for that wish. Many of the people of Newfoundland have gone to live in the United States. It is said that there are as many Newfoundlanders in the city of Boston as there are in the whole of Newfoundland. There are therefore strong ties between our

little country and the United States, as I am sure there are between other provinces and that country.

It seems to me that the United States has not been given as much credit as it deserves for the tremendous work it has done on behalf of international understanding and the rehabilitation of the countries of Europe. The American people deserve the thanks of all peoples, and especially those of this country, for the way in which they have paid the money for this purpose. It is out of their pockets, out of their taxes, that they have subscribed this money to help to rehabilitate Europe, and on which this country has to some extent depended. Certainly the United Kingdom, which was in such a bad way, would never have been able to weather the storm so long as this if it had not been for the great help which she received from the United States; and I am sure that we all wish that help to continue.

Now, sir, I do not profess any right to speak on Asiatic affairs, but it seems to me that Canada, as the hon. member for Vancouver East (Mr. MacInnis) said, ought to be just as much concerned with what is going on in the Pacific as it is with what is going on in the north Atlantic. When Russia gets control of China, as seems inevitable now, since Chiang Kai-shek has been refused aid, what is going to stop her from organizing this vast subcontinent of 400 million people in the same fashion as she has been organizing her satellite countries in Europe? When these are organized what is going to withstand the hordes of armies that can be created out of that vast population? It seems to me that we may have to fall back, strange as it may seem, upon former enemies for assistance. A famous United States professor told us in Newfoundland many years ago, before 1939, when he described what was going to happen in Europe in the second world war, that after it was over we may have to join up with Germany to fight against Russia. It may be that the forces of Japan and the Japanese people who are comparable to the Germans in Europe, resourceful people who make good soldiers, may have to be called on. We may have to utilize these forces if we wish to withstand the influence of communism in that part of the world.

As the hon. member for Peel (Mr. Graydon) said this morning, this country is only a small country when compared with other countries, and when it comes to war it is numbers that count. There is no doubt that this is a very wealthy country in proportion to its population, but when it comes to war numbers count in the long run. Russia has control of such a vast potential of war material that we have to get allies wherever we can find them. I have no doubt that it is certainly in the backs of the minds of the western democracies that Japan will eventually be brought to our aid.

Mr. Cruickshank: Would we need a pipe line then?

Mr. Browne (St. John's West): Yes, we shall probably need all the pipe lines we can get. However, I am not an authority on pipe lines.

There is one other matter about which I wish to speak, namely, Spain. The name of Spain did not appear in the statement of the Secretary of State for External Affairs this morning. We must recognize that Spain was the first country that stood up squarely to the communist menace, and although many people of socialist sympathies are inclined to condemn Spain outright as an authoritarian or totalitarian regime, bearing in mind the traditional form of government in that country, we have to recognize that the Spanish government of General Franco preserved Spain from communism, and perhaps preserved western Europe or the western world from communism as well. It was one of the ambitions of Lenin to light the fires of revolution not only in Russia but at both ends of the continent. Spain was to be the place where communism was to take root in the western part of Europe.

As most hon. members must be aware, the chief leaders in the satellite countries today, including Tito himself, were sent to Spain to organize communism in that country. Great credit must therefore be given to General Franco. I do not think he has had the recognition that he should have had for the work that he did in preserving Spain from the domination of communism.

As I said a moment ago, if we are to defend ourselves against communism, if that seems to be inevitable, at least we want to have all the influences we can get to help protect us from communism. In that event we must look for allies and Spain is one country with which Newfoundland has had most cordial relations for four hundred or four hundred and fifty years, almost since its discovery. She has been one of our best customers, and we have had a good deal to do with her from time to time. Her people visit our country every year to purchase fish. They seem to be very industrious and patriotic people. It seems to me that the United Nations must soon take up that problem again, grant recognition to Franco and send their ambassadors and ministers back to that country.

On motion of Mr. Browne (St. John's West) the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, tomorrow we shall continue this debate. I understand there is a lengthy list of speakers for tomorrow. If perchance we conclude the debate we will take up Bill No. 144, to amend the Combines Investigation Act, and probably resolution No. 24 on today's order paper in the name of the Minister of Agriculture.

Mr. Graydon: I wonder, Mr. Speaker, whether we might have some clarification from the government as to just how we are to carry on with respect to external affairs. Is it understood that, when this resolution is passed, immediately afterwards the committee on external affairs will be called, or will it go over until next week regardless of when this resolution passes?

Mr. Fournier (Hull): If the resolution should pass at one o'clock, there would be time in the afternoon, and perhaps in the evening, for a sitting of the committee on external affairs.

Mr. Graydon: If the debate goes on until tomorrow night, would it mean that there would be a meeting of the committee on external affairs on Friday? That is the point I want cleared up.

Mr. Fournier (Hull): I am not quite sure. I shall be in a better position tomorrow to give that information to my hon. friend.

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

HOUSE OF COMMONS

Thursday, November 17, 1949

The house met at eleven o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

RENTALS ADMINISTRATOR

Mr. Macnaughton:

1. What is the name of the rentals administrator?
2. Was he appointed by the civil service commission or by order in council?
3. How long has he held this position?
4. What are his duties?
5. What salary or remuneration does he receive?
6. Has he an expense account and, if so, what expenses has he incurred in each of the years he has been in office?
7. Does he devote his full time to this work? If not, is he associated directly or indirectly with any business, professional firm or organization?
8. To whom does he report?

Mr. Belzile:

1. Owen Lobley.

2. Order in council.

3. Since January 1, 1944.

4. To administer the rentals regulations of the wartime prices and trade board throughout Canada.

5. $10,000 per annum.

6. His actual travelling expenses have been paid in the following amounts: January 1, 1944, to March 31, 1944, $917.16; April 1, 1944, to March 31, 1945, $3,120.20; April 1, 1945, to March 31, 1946, $2,270.75; April 1, 1946, to March 31, 1947, $1,872.92; April 1, 1947, to March 31, 1948, $2,604.98; April 1, 1948, to March 31, 1949, $2,991.95; April 1, 1949, to November 12, 1949, $1,067.10.

7. Yes. However, Mr. Lobley is a director of Windsor Hotel, Limited; Canadian Home Assurance Company; Lobley, Wanklyn & Co. Limited; and a member of the board of assessors of the town of Mount Royal.

8. The chairman of the wartime prices and trade board.

AIRCRAFT PLANTS—A. V. ROE AND DE HAVILLAND —FINANCIAL ASSISTANCE

Mr. Noseworthy:

1. Has the A. V. Roe plant at Malton been subsidized or otherwise assisted financially by the government since 1947? If so, by how much each year since then?

2. Has the de Havilland plant, near Toronto, been subsidized or otherwise assisted financially since 1947? If so, by how much each year since then?

Mr. Howe:

1. By terms of an agreement entered into in accordance with order in council P.C. 4436, dated October 3, 1947, the government agreed to contribute toward the cost of design, development and construction of two prototype model C-102 (jet) transport aircraft.

Upon completion by A. V. Roe Canada Limited of the two prototype aircraft, the government may take delivery thereof upon payment to the contractor of all reasonable and proper costs incurred in such construction, in excess of contributions made.

Contributions toward this project have been made as follows: 1947-48, $1,500,000; 1948-49, $2 million; 1949-50 (to November 15, 1949), $715,000; (1949-50 estimates provide for total contributions of $1,500,000).

2. No.

TRANS-CANADA AIR LINES—WINNIPEG OFFICE

Mr. Maybank:

1. Do present plans of the management of T.C.A. contemplate a further removal of T.C.A. personnel from Winnipeg to other centres?

2. Are any plans of any sort under consideration or contemplated by T.C.A. to affect the T.C.A. organization in Winnipeg

Mr. Howe:

1. No.

2. No, except routine matters commonly associated with any efficiently operated organization.

UNESCO

Mr. Noseworthy:

1. What is the total amount contributed by the government of Canada to UNESCO each year since the inception of UNESCO?

2. How much has been spent in each of the above years in Canada in implementing the program of UNESCO?

Mr. Pearson:

1. 1947, $311,640; 1948, $320,772; 1949, $297,980.

2. 1947, nil; 1948, nil; 1949, nil.

TRANS-CANADA AIR LINES—REPRESENTATION OF WESTERN CANADA ON BOARD OF DIRECTORS

Mr. Knowles:

1. Has any further consideration been given by the government, since October 24, 1949, to representations from the Winnipeg chamber of commerce, asking that western Canada be given equitable representation on the board of directors of Trans-Canada Air Lines?

2. If so, what is the result of such consideration?

Mr. Howe: Section 6 (1) of the Trans-Canada Air Lines Act provides that the corporation shall be "under the management of a board of directors composed of seven persons". It is therefore not possible to act upon the recommendation of the Winnipeg chamber of commerce without an amendment to the act. The government has no intention of amending this act at the present time.

INQUIRIES FOR RETURNS

FEDERAL GOVERNMENT EMPLOYEES, 1948 AND 1949

Mr. G. K. Fraser (Peterborough West): Mr. Speaker, may I ask the Secretary of State if he will table an order for return, standing in my name, which was passed on September 29?

Hon. F. G. Bradley (Secretary of State): I will inquire into the matter.

COMBINES INVESTIGATION ACT—FLOUR MILLING INDUSTRY

Mr. Stanley Knowles (Winnipeg North Centre): I should like to ask the Secretary of State a question with reference to sessional paper No. 53F, tabled in response to an order of the house for copies of all communications received by all ministers with respect to suggested changes in the Combines Investigation Act. I may say to the Secretary of State that on the front of the return it is indicated that the correspondence contained therein is that received by his department from the Department of Labour and the wartime prices and trade board. Actually what it contains is the answer of the Department of Labour and the answer of the Minister of Justice. In addition to checking up on that discrepancy, I should like him to find out whether or not there are answers from all the other ministers. That was the order of the house.

Hon. F. G. Bradley (Secretary of State): I shall be glad to inquire.

EXTERNAL AFFAIRS

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE—DEBATE CONTINUED ON STATEMENT OF MR. PEARSON

The house resumed, from Wednesday, November 16, consideration of the motion of Mr. Pearson that certain estimates of the Department of External Affairs be referred to the standing committee on external affairs.

Mr. Alistair Stewart (Winnipeg North): Mr. Speaker, it is not often that I have the opportunity to congratulate a minister, not only upon his speech but also upon the policy he enunciates. I find myself in substantial agreement with what the Secretary of State for External Affairs (Mr. Pearson) said yesterday. As the hon. member for Vancouver East (Mr. MacInnis) pointed out, our support may be embarrassing; nevertheless it is a fact. I have had the opportunity of visiting Lake Success on several occasions during the past few years. It has been most gratifying to realize the high position which Canada has among the nations of the world. It is attributable, of course, in no small measure to the efforts of Canadians themselves during the last ten years, to the high calibre of our civil servants abroad and to the present minister himself. Indeed I regard his appointment to the important position of chairman of the political committee of the assembly as a personal tribute to him as well as a tribute to Canada.

I should like to express my gratitude for the courtesy and co-operation I have always received from members of his department, and for the information which has always been so willingly given when asked for. Yesterday the hon. member for Peel (Mr. Graydon) said he felt there was not enough publicity about our policies. That may be so, but I do not think the fault is entirely that of the department. Perhaps part of the fault lies with the Canadian daily newspapers, which give a regrettably small space to foreign affairs. This is something the Canadian Daily Newspapers Association might look into, rather than the minister. I have always received information when I asked for it. Sometimes it has been given in confidence, which I hope I have never violated any more than I have violated confidences in respect to information received in personal conversations with a minister.

Yesterday the Secretary of State for External Affairs pointed out the successes the United Nations organization had achieved—partial successes, it is true—in Kashmir, Palestine and Indonesia, and we have to give the organization credit for those. Indeed it is obvious that had the United Nations not existed, we should have had to create it. But there was also the most significant failure of all—the failure of the organization to provide the security which the nations feel they need. If this failure was not met with the hopelessness and cynicism which followed the failures of the league of nations, perhaps the league did not die in vain. But today I think it is much more generally understood that the problem of international government, which has defied the wit of man through the centuries, cannot be solved merely by drawing up paper constitutions. However, since the United Nations could not provide us with the security we felt we required, it was

obviously the responsibility of government and of parliament to take measures to provide it in other ways, under the aegis of the United Nations organization. This we hope we have achieved through the North Atlantic treaty. We hope it will provide a measure of security which is not provided in any other way.

Yet while I agree completely with what the minister said yesterday about article 2 of the treaty, I cannot but underline what the hon. member for Vancouver East (Mr. MacInnis) said as to the economic bases for peace. On occasions I have found the hon. member for Vancouver East to be wrong; but I have also found that when he and I agree on something, there is very little room left for argument. Article 2 of the North Atlantic treaty deals with international economic co-operation, while article 9 deals with the immediate establishment of a defence committee. A careful reading of the communiqué tabled in this house by the Minister of National Defence (Mr. Claxton) on September 19, following the first meeting of the ministers of external affairs of the various countries signatory to the treaty, indicates that this question of economic co-operation was given but scant recognition. In paragraph VIII the communiqué states:

> The council recognizes the importance of economic and financial factors in the development and implementation of military plans for the defence of the north Atlantic area.

That is certainly putting the cart before the horse, because if as the result of an economic collapse our allies in western Europe become bankrupt, there will be no military security whatever. Indeed our military security will be enhanced by the improvement of the economic conditions of those countries. I hope, therefore, that the minister will constantly endeavour to bring before the members of this group the tremendous importance of economic co-operation and collaboration, so that we may all play our part with the knowledge that we are strong economically as well as in a military sense.

Obviously the problem which obsesses the world is Russia. Members rose in this house yesterday and expressed their fear of communism. This fear, which we all share, is something that we as democratic socialists have known about for a long time, for we have no illusions about communism or communist parties. But the answer is not to be found by people standing up here or on other platforms, tearing their hair and rending their garments and offering no alternative. There has to be an alternative to communism if we are to survive. The alternative might be rather expensive, but I know of no other.

Communism breeds on hunger, on poverty, and on racialism. Just a few weeks ago the Prime Minister of India spoke in this chamber. When I heard Liberals and Conservatives, along with the rest of us, applaud, and quite rightly, that great world figure, the situation seemed to me to be ironical. I could not rid my mind of the thought that if Mr. Nehru had been a citizen of British Columbia three years ago these same Liberals and Conservatives, because of the colour of his skin, would not have seen fit to give him the vote. Now the wheel has turned with a vengeance, and I am glad of it. Mr. Nehru said in part, at page 1104 of *Hansard*:

> There is another facet of this Asian situation to which reference must be made. The so-called revolt of Asia is a striving of the legitimate pride of ancient peoples against the arrogance of certain western nations. Racial discrimination is still in evidence in some countries, and there is still not enough realization of the importance of Asia in the councils of the world.

I do not think—at least I would rather not think—that those remarks were addressed to us in Canada. They may have been directed to another member of the commonwealth of nations—South Africa, where today the administration is carrying out a policy toward the native population which can only give aid and comfort to communist movements all through Asia. The racialism we see there is every bit as bad as that which existed in Hitler's reich, and every bit as dangerous. South Africa cannot plead that this is South Africa's business only; for questions which were once solely domestic affairs now concern the whole world and the safety of all. And it is quite conceivable that the attitude of Asia as a whole may be conditioned by what happens in the Union of South Africa. Already the coloured population have powerful champions, and I hope we in Canada will number ourselves among them.

On the same occasion Mr. Nehru spoke of the dire poverty which afflicted so many thousands, indeed millions, of the people of Asia. This dire poverty is a situation we have to face up to. Yesterday there was much reference to Christianity, and the fight between atheistic materialism and Christianity in this world; but the Christian faith can survive only when it can deliver the goods; when it can show that we mean business; when we can say that we are prepared to practise what we preach—and that is what we may find to be expensive. Anything which has been expended on the Marshall plan is but a drop in the bucket compared with what will have to be spent from now on. If we say that we adhere to the Christian faith, we have to accept its implications, the implication that there is the

fatherhood of God, and therefore a brotherhood amongst man—and the natives of Asia are as much our brothers as anyone else.

The practical application of this belief means that if we have surpluses which we cannot use after our own people are looked after, and after we have sold what we can, rather than destroy them we have to be prepared to give them away. It will pay us handsomely to be in a position to help alleviate the starvation in Asia and in other areas of the world. It will be expensive. There is only one way in which we can do it, and that is by taxing our own people. Already there are indications that we are going back to the situation which existed in the thirties when, rather than give food away, we used to destroy it. Already this administration has subsidized the apple growers, paid them to uproot trees which could have borne fruit to be given to those who needed it. The philosophy is still there; the mentality is still there.

Nothing will please the communists more than to realize that the western nations are prepared to destroy food which starving millions need. I repeat that it will be an expensive proposition to live up to our responsibilities, but it is the surest way of defeating communism. Communism cannot be defeated by great armies; for bullets can never destroy ideas. If we can show people that we have a better way of life than the communists, then of necessity we shall emerge victorious.

Russia is working not only in the areas of the mind, but also in geographic areas. I am reminded that yesterday the member for Peel spoke of the lack of information about our foreign policy. Information is lacking not only about our current policies but about history as well. Sometimes we are the victims of our own lack of perspective. In Europe today we see the beginning of a union among certain nations. They are advancing a little, but perhaps in the light of history the advance has been great. There is still impatience, however, over here at the slowness of the progress in this direction. We have to remember that the problems of Europe are rooted in two thousand years of history, and we cannot expect them to act with the same celerity as we might on this continent. It is a lamentable fact, but true, that they might complete that integration rapidly as a result of aggression, and perhaps then this union would become almost immediately operative. But it would be too expensive a price to pay for it; so we must approach the problems of Europe with sympathy and with some understanding.

We need not fall into the error, which is ours as well as Europe's, of believing that Europe is still the centre of the universe, with the nations of the Far East on some dim and distant periphery. In deference to the Secretary of State for External Affairs I used that phrase "nations of the Far East" as a European colloquialism. Obviously the centre of affairs is shifting to the west. In this century the centre is going to be the North American continent. By the same token we must be ready to realize in years to come that the centre may move still farther west. We have to realize, too, that the rest of the world, perhaps the majority of the world, does not reason as we do. This in no way makes it inferior to us; but it is a fact which we have to face. Russia, India, Pakistan, China, and the other nations, look upon history quite differently from the way we do as a member of the western nations. They have not the same philosophy or the same attitude towards life, or indeed the same religion.

Some people in the United States—a minority, it is true—believed that a few years' military occupation of Japan would, in some mysterious way, change Japanese thinking. The statement of Premier Yoshida last week should rid them of that idea. One of our great tasks is to encourage the middle groups in many areas—the people who are struggling between reaction and communism. They are the groups known as democratic socialists. Last night the member for St. John's West (Mr. Browne) said that socialism is likely to lead to communism. I believe that is a misreading of history because wherever communism is indigenous it has sprung not from socialism but from black reaction such as we saw in countries like Russia before 1918. In those countries where democratic socialism is strong, communism is at its weakest. We have to be prepared to encourage every movement which will lead to any improvement in the standard of living and literacy of the peoples of the world.

We have to realize that in some countries such a position may mean revolution. We are mortally afraid of that word "revolution," although we are the products of it. Our parliament and our democratic processes, our conception of freedom, are the fruits of revolution carried on by our fathers in the past. The liberty we have today is the result of the revolt against tyranny in England, France, and the United States, so perhaps there is something to be said for revolution. There is much to be said for those groups who are trying to improve the conditions of the people and to remove oppression so that communism may be held in check. If that improvement can be achieved only by revolution, I do not think we should fear it as much as we say we do. Yet we

are faced with the fact that among the major western powers the principal support is for reaction, and that support, of course, means that they are playing directly into the hands of the communists.

Many of us on this continent, as well as in Europe, are completely unable to understand why the allied forces in Germany are approving the appointment of nazis to high positions in industry. There is the situation in Greece to which the minister referred yesterday, and I must admit that I do not share his optimism. For some years that country has been torn by strife and I fear will continue to be torn by strife for some time to some. There was a guerilla movement in Greece, in many ways completely legitimate. It was made up not only of communists but also of democratic socialists, such as myself, and Liberals such as those on the opposite side of this house. They had to flee to the mountains because of the persecution of a tyrannical government. It so happens that they were taken over by the communists and their grievances exploited by the Kremlin. In an attempt to rectify that situation, the United States has continued to pour money into Greece, perhaps $300 million a year, hoping for reforms which would hold communism in check. The only result we have seen of that vast expenditure is the continued greed and avarice of the Athens group which is still in power.

Every move that Russia has made in Greece has been carefully calculated, even to the betrayal of the guerillas. Betrayal is nothing new in Soviet Russia's history. Of this I am certain; even if the great powers of the world get out of Greece, there will still be a struggle between the dispossessed majority and a reactionary government. Our policy should be one of hands off. It is a policy which we might have to change, however, if other nations continue to interfere in what is happening in that country. I find it difficult to understand, let alone explain to others to whom we speak of our democratic faith, just why the great nations of the western world support reaction while they talk so glibly about democracy. I find it difficult to explain the inconsistencies in British and United States policies which accommodate themselves with great ease to the non-democratic institutions of countries such as Portugal, Turkey, the Arab nations, and conceivably yet, Yugoslavia. I feel that our government must have some policy in regard to that matter, because, if we are to take the minister's speech at its face value—and I think we are entitled to do so—these are not policies to which we can give support.

In this review yesterday the minister mentioned that communism was not making headway in Europe—in France, Italy, Finland, and I think he might also have mentioned Norway where, on October 10 last, the Labour government was once again returned to power with a greater majority. Not only was it returned to power, but the eleven communists who were members of the previous parliament were defeated. We should remember that the borders of Norway are contiguous to those of the Soviet union and the communists there were not eliminated by repression —which incidentally will never eliminate communism. They were eliminated because of the constructive measures of the government designed to improve the standards of living of the people. As we have said so often, this is the only way to combat communism.

There are other sore spots in the world. There is the Middle East, where even yet there is neither security nor peace, and I do not think there ever will be until the conflict over oil is stopped and the conditions of the Arabs materially improved. It is true—and I welcome it—that Israel is now recognized by the world. But unfortunately the neighbours of that country are still pawns in the game of power politics. In the Middle East the strategic importance of oil is paramount. Some nations feel it is a struggle for survival because oil is so important to the modern economy. But it is also a struggle by private groups for their own profit. There is only one answer that I can see. Again I may be accused of suggesting interference in the affairs of other nations, but I feel that the responsibility eventually will have to be assumed by the United Nations by its creating a trusteeship over the oil resources of the Middle East. That trusteeship should be used to protect the interests of the people who have been exploited for so many years by feudal rulers, and also to see that all countries are given free access to the oil which is there. The United Nations has a commission just now studying the economic conditions in the Middle East. What it will report I do not profess to know, but I hope that a trusteeship such as I have suggested will be one of the recommendations made. Of this much I am certain: if the situation in the Middle East is handled properly, this question of security may settle itself.

What about China? I think we might almost paraphrase the words of a certain statesman and say that it is a great country of which we know but little. I do not share the minister's modified eulogy of the regime which is vanishing. Indeed, I give it little credit. Whatever credit there is I reserve for those tens of thousands of Chinese peasants who

died helping to make our cause victorious. What we see today is a venal administration, clad in corruption, rapidly disappearing; and its place is being taken by a Chinese politburo.

The western nations did not realize the strength of the nationalism which existed in China. The Russians did, and they capitalized on that feeling in China, just as they are capitalizing on it in other areas; and of course they have designed it as far as they could for their own ends. While I may be unduly optimistic, I do not feel that Russian nationalism will in the long run prove a greater or more powerful force than the indigenous Chinese nationalism. China is not yet under the direct domination of the Soviet union; it may never be. But it is certain that many of its rulers have great sympathy with the ideas of the Kremlin. There are also some who cast an eye toward the west because they realize the tremendous need for western help. Who will survive, we cannot tell. The tip-off obviously will be when the purges start in China, as of necessity they must.

The great need for China is industrialization. Yet from the point of view of national resources, if one excludes Manchuria, it is not a rich country. As I said before, industrialization is impossible without help from the west. We can count on this. Russian influence will be used to the utmost to eliminate foreign markets, so that they may cripple us commercially still further; and Russian influence may be used to prevent the Chinese, or certain of them, from appealing to the west for the aid which they need if China is to become an industrial nation. It is much too early to decide what is going to happen. The situation is confused and in no small way bedevilled by the equally confused and vacillating policy followed recently by the United States which has been costly not only in terms of money but also in terms of prestige.

As to the recognition of China, I do not think anybody would be brave enough to say when that should take place. It is entirely a matter of timing. Recognition must take place obviously at the moment when too great prestige will not be given to the regime, and yet before it is too late for us to capitalize on that recognition.

In the debate on external affairs eighteen months ago I spoke at some length on the aims and aspirations of Russia. I gave my reasons then for believing that Russia was not ready for war. I see no reason for repeating them. But the real menace in Russia today, in my opinion, is not entirely the menace of what for want of a better word we call communism; it is Russian nationalism, which is a legacy from Ivan the Terrible down through Alexander the Great to the last of the Romanovs. I am convinced that although the people of the Soviet union loathe the idea of war as much as we do, their leaders believe it to be inevitable. If that final tragedy of war should come, the atom bomb is going to be used and the results will be more appalling than any of us dares to contemplate. I agree therefore with General Romulo when he said in the assembly that "the means for controlling the destructive potentialities of this new force must be found", with the emphasis on the "must". This means that we must continue, with all the patience we have, to explore avenues of co-operation with the Soviet union. Mr. Vishinsky's hostile and insolent manner makes clear the tremendous difficulty there is of finding some common ground. Unquestionably, power must be on our side in a world of power politics. But in the long run that is not the best road to peace. Nevertheless, possession of adequate military power, and the additional moral power resulting from policies which are rooted firmly in our democratic and Christian traditions, may provide the time which is so necessary to break down the suspicion and the fear which besets the world. In the pursuit of that aim we Canadians have an increasingly important part to play.

Mr. H. A. MacKenzie (Lambton-Kent): I first want to congratulate the Secretary of State for External Affairs (Mr. Pearson), who has returned to us after his heavy duties at Lake Success in connection with United Nations work. I want to compliment him on the brief though comprehensive résumé that he gave of his work there. I am sure hon. members appreciate to the full the involved and intricate work that they have to do; and it will probably become more and more involved and more difficult as days go by.

In view of the fact that several references have been made to the Chinese situation, I felt that I should say something in that regard. As many hon. members know, I spent a little over two years with the United Nations relief and rehabilitation administration. Approximately two years of that time were spent in the China field. I have always been interested in this type of work. The first intimation I had of it was when Winston Churchill, that great wartime leader, said in the House of Commons in Great Britain in 1940, and through the House of Commons to the world at large, and particularly to the people of the nations who had been overrun by the Hitler forces and were held in subjection to them: "Hold on; do not give up. The allies will win the war, and when victory is achieved and the war is ended the United Nations will bring you food, clothing, relief and rehabilitation." He invited all other

nations of similar views to join with him in this very large project. Consequently, after some meetings and after a good deal of correspondence and publicity the members of the United Nations met in Atlantic City on November 3, 1943, and that is where the UNRRA agreement and the UNRRA charter were drawn up.

Nothing of its kind had ever been attempted in the world before. There was no precedent to go by. They had to venture out into a new field. They had to do something for these people. At that meeting they agreed that one per cent of the 1943 national income of these nations would be a fair basis on which to work. Representatives of many nations were there. Later others came in, until eventually thirty-three nations that had not been invaded and sixteen that had been invaded by the enemy during the war became members of the United Nations relief and rehabilitation administration.

The amount of money that was contributed to that organization was stupendous. It amounted to something over $3,500 million in United States funds. Of course the United States contributed much the larger amount, because they had much the larger income. Of the total they contributed something over seventy per cent. Great Britain was second and Canada was third. Canada's contribution was approximately $150 million. Of the total amount of money that was subscribed, the largest amount was earmarked for China. It amounted to $530 million. The total amount of supplies shipped in to China under this rehabilitation program approximated three million long tons. That in itself was a stupendous task.

As hon. members know, China is a very old country. It has a history which goes back at least six thousand years. It comprises almost one-quarter of the world's population. The population runs anywhere from 450 million to 500 million people. Therefore we must admit that that country is possessed of extraordinary powers of stamina and resistance. After all these years, and in spite of famine, flood, disease and war, both foreign and civil, they comprise one-quarter of the world's population.

I was in that country almost two years doing UNRRA work. It would be presumptuous on my part to say that I know much about their problems, because a country with a civilization that old and steeped in tradition after all these years has problems that could not be solved by a foreigner going into that country and staying such a short time. A noted war correspondent, and later a press correspondent, was once asked to write the bottom facts of China. He replied that there was no bottom and there were no facts.

I was assigned to the department of investigation and inspection, to see that the supplies that were sent into China were channelled through their proper courses and went to the places to which they were allotted and assigned, and to see also that they did not get sidetracked and on the black market. That in itself was quite a problem. It was a stupendous task because the transportation system of China was totally inadequate to handle that amount of supplies, and it had been further disrupted by the war.

In this capacity I visited many parts of China. I was intensely interested in seeing that these supplies did go to the place to which they were allotted and that the people did get the maximum amount of relief. I was also interested in the standard of living of the people, and in the type of government they had. I also wanted to find out, if I could, what had kept that vast body of people in such a primitive state as they had been all through these centuries.

I found that China was a country of approximately four million square miles in area. It has an area larger by one-third than that of the United States. It has thirty-four provinces, with a governor over each province, including, of course, Manchuria.

In the ordinary course of events the UNRRA supplies that were distributed in Europe were distributed through the municipal offices, the Red Cross organizations and other government agencies, but in China that was not possible. Therefore a different procedure was followed in China. The Chinese national government set up an organization of their own called CNRRA. They set up approximately the same kind of organization as UNRRA, and we dealt through the CNRRA organization. Fifteen regional offices were set up in places which had been devastated and war ravaged by the Japanese invasion. The problem was to distribute these supplies in the proper places. That was the first time that I had some slight differences with the CNRRA organization, whose function it was to see that these goods and supplies were distributed properly. Under the terms of the agreement with the UNRRA organization these supplies were to be distributed without discrimination as to race, creed, or political differences in the war ravaged and war devastated areas. The CNRRA organization was at times reluctant to send the supplies to the communist held territories, which after all had been devastated and ravaged the same as the others. With that in mind I worked in China. I must confess that I went to China

wholly convinced that the national government, which was headed by Generalissimo Chiang Kai-shek, was the government that should be reinstated and supported by other nations. After I was there a while I wondered whether that was true. I began gradually to change my mind, and often used to think of the Shakespearian play, Hamlet, where Polonius was saying farewell to Laertes and, not expecting to see him again, gave him this as his farewell warning:

> Neither a borrower nor a lender be;
> For loan oft loses both itself and friend,
> And borrowing dulls the edge of husbandry:
> This above all: to thine own self be true,
> And it must follow, as the night the day,
> Thou canst not then be false to any man.

With this in mind I tried to draw my own conclusions as to the exact problem in China, or as to what was the solution, if there was any. I did as the late General Stilwell did; I wrote my own diary, and wrote it carefully from day to day. I do not expect I shall ever publish it, but if it is published it will show what I saw from day to day.

During the week end I reviewed my diary to be sure that I had it correct. I will say that I could not believe such poverty could have existed—such privation, such hardship, such misery. I could not believe that such want prevailed anywhere in the world in the year of our Lord 1946, the first year I was in China.

Even the great city of Shanghai, the greatest metropolis in China, with many modern buildings—even in that great city the poverty was indescribable. It beggared description. According to their own census, they would pick up each morning the corpses of forty or fifty people who had passed away in the preceding twenty-four hours.

Another condition which brought about great misery was inflation. When I went to China in 1946, through the medium of brokerage offices and exchange shops one could buy United States dollars and gold bars. One could buy the British pound, but most of the business was based upon United States dollars. When I went there, one United States dollar would buy 1,200 Chinese dollars. The Chinese currency became more and more depreciated until it reached the point of 200,000 to one. When I left China late in 1947 the exchange rate was 500,000 Chinese dollars for one United States dollar.

This meant great privation for the people, because the price of rice was greatly inflated. People were not able to buy, because they did not have enough of their own devalued money. It became so bad that in many places shops were closed and commodities were not sold. In some places people would pay for meals when they went into restaurants for fear the prices of the meals would go up before the meals had been eaten. The merchants raised or marked up the prices of their goods many times, even three times in one day. All this caused misery and hardship; it resulted in much suffering among the common people of the country.

I have kept in fairly close touch with China since my return. About a year after I came back the exchange rate stood at about eight and one-half to nine million for one United States dollar.

I found that illiteracy in China was prevalent to the extent of at least eighty per cent. I believe it is a fact that eighty per cent of the people in that great country are illiterate—able neither to read nor to write. They had no schools to go to, and no teachers to teach them. This fact in itself added greatly to the difficulties we experienced in supplying the people with the food and clothing, relief and rehabilitation contributed by the United Nations.

It must be kept in mind of course that the Japanese began their invasion of China as early as 1931, and gradually took over the country. They first took over Manchuria, and by 1945 nearly one-half of the total country was in their hands. UNRRA was the greatest humanitarian plan ever devised by the mind of man; there can be no question about it. To my mind it was a preliminary Marshall plan; it was a stopgap. It was merely to stop people going to the left in large numbers and forming themselves into bandits who would have entirely disrupted the country. It was a plan to bring people back to a normal way of living.

I was pleased of course to be associated with that humanitarian organization, one with such a fine background. We know some mistakes were made. It is true, yes, that some of the cotton sent over in 1946 by UNRRA to be used for the relief of the Chinese people never reached the people. In the main, however, it did. I believe there were something like 550,000 bales of cotton sent. It is true that some of that cotton reached the cotton mills, and some was used to make uniforms for the armed forces. It is true that about 20 million feet of lumber, the finest that could be purchased from California to British Columbia, was not used for the purpose for which it was intended, namely, the rehabilitation of the fishing industry. It is true that some of the food did reach the army.

All this was inevitable. But in the main the organization did succeed in what it set out to do, and many millions of lives were saved. Much hardship, suffering and privation was alleviated by the distribution of

supplies and the work done by UNRRA in the Chinese field. Let me say that the people of China did know where those goods came from and, in the main, were most thankful. They did appreciate the services and the supplies given by the United Nations.

Because of war some of China's potential production was lost. For instance, in 1935 she produced enough cotton for her own industry—something in the neighbourhood of two million bales. That supply, however, was pretty well dissipated and destroyed during the war. UNRRA brought over many tons of better types of cottonseed, types which would produce longer staple. This was distributed among the cotton farmers—in itself a worth-while contribution.

Many hundreds of tons of vegetable seeds were brought over, with the result that they were able to produce a much better type of vegetable, and were in a position to produce their own seed. I am convinced that China could increase her production by one-third if a proper system of fertilization were introduced and improvements were made in the types of seeds and in farm cultivation.

Another worth-while form of aid took place during the war of 1939, when a portion of the dikes of the Yellow river were blown out, with the idea of stopping the progress of the Japanese forces. This was an attempt to flood out the Japanese, and to drown them; but not many of them were drowned. In the Yellow river basin more than two million acres of the best fertile land were flooded and kept out of cultivation. One of the things UNRRA did—and it was a stupendous engineering task—was to rebuild those dikes so that the river might be returned to its former course and two million acres of fertile land brought back into cultivation to relieve the suffering and the hunger of the Chinese people.

A first-class job was done by UNRRA in connection with displaced persons. This organization undertook to bring back to their former homes people who had been displaced during the war. When the Japanese came, they carried away many of the Chinese to the inland areas to be used in the building of bridges and roads, thus virtually making slaves of them. These displaced persons had no means of returning to their homes; therefore UNRRA undertook to provide transportation, food and shelter during the period of rehabilitation.

In 1946 I visited some of these refugee camps where UNRRA was supplying temporary shelter, food and clothing to help the people return to their homes. I went with some of these refugees when they were being returned to their homes in Honkew, people who had been separated from their families for several years. In most instances what they went back to was only a hovel, a mass of rubble; but they picked out pieces of their own furniture, took their bamboo poles and started to rebuild their mud houses with straw-thatched roofs. The re-establishment of these people in their homes was a most worth-while project.

I think the IRO took over the displaced persons program in April, 1947, and they have been carrying on since then. During the days of UNRRA operations, there were 800,000 displaced persons who had to be brought back to their former homes. UNRRA also undertook to transport Europeans who had been caught there during the war back to their own lands. When IRO took over in April, 1947, there were still some 11,300 Europeans waiting to be transported to their homes. Many of them were probably hard cores who could never go back, but a great many of them did, and have by now been transported to their own countries. There were also many thousands of Chinese still to be returned to their homes.

I knew Mr. Jennings Wong, the director of IRO, very well. He was a most capable Chinese, and I worked with him during the fisheries rehabilitation program. A year ago he asked me to go back to China and help him with the IRO program. He knew of my attitude to the then Chinese government, and was appreciative of it; we talked about it many times. In view of the situation in China, and the expectation I had of conditions becoming rapidly worse and worse, I sent him a cable and told him I could not go.

While a part of the rehabilitation project has not been completed, by and large the UNRRA program was a worth-while contribution, and did much to relieve the suffering, hardship and privation of the Chinese people. That is something that will never be lost, because it will be remembered for many years. The Chinese are a very friendly people. We made many friends among them, and they will not forget the work we did.

It seemed to me that the background of the Chinese people was that one dynasty would rule year after year until it became so weak and corrupt in its court life that another dynasty would overthrow it and come into power. The last dynasty that held power in China was the Manchu. It carried on until October 10, 1911, when that young revolutionist, Dr. Sun Yat-sen, upset the Manchu dynasty and set up his so-called republic. Since that time the 10th day of October has been celebrated as a national holiday and is called "double tenth day". There is national

patriotism, but a national viewpoint seems to be lacking when personal interests are at stake. In 1925 Dr. Sun Yat-sen was in Peking negotiating a peace treaty with the so-called communists of that day in order to establish a national government, but he took ill and died. In 1947 I visited Peking again. Generalissimo Chiang Kai-shek came into power after Sun Yat-sen died, and he was president of the republic until a short time ago.

I remember visiting Peking in July, 1947, and I had lunch at the great Waggon Lee hotel there. I saw on the bulletin board that there was to be a Rotary dinner that day, and I went in and found they had a large club. Seventy-five per cent of the members were Chinese, and the remaining twenty-five per cent were foreigners like myself. The speaker of the day was Mr. Wells, a New York *Times* correspondent from Tientsin, and his subject was the economic crisis there. He spoke in English, because the ceremonies were practically all conducted in that language. He told us of the graft and corruption in the operations of the nationalist government in the city of Tientsin. In conversation with him afterwards he told me about conditions that to me were unbelievable. I could not believe that they could exist anywhere in the world.

While I know nothing about the personal integrity of Chiang Kai-shek, I understand from his friends that it is quite good; nevertheless I know that his government officials practised a policy of graft and corruption that was incredible to me. I have also visited many cities of China and met many merchants. I met Colonel Kearney, of the United States army, who was stationed there. He told me about many things that happened in the Chinese army which to me were inconceivable. When I went to China I understood that it was one of the great democracies of the world. According to my understanding and appraisal of democracy, it was as far removed from the principles and doctrine of democracy as it possibly could be. I could not conceive of conditions being as bad as they were. To me it was capitalism at its worst, where a few people controlled the whole policy and the rest lived in poverty and privation.

In my opinion Russia is capitalism in reverse; the people of Russia have lost their liberties and rights through a system of state socialism or communism. In both Russia and China it seems to me that the people are helpless pawns in the hands of their rulers. When I returned home in 1948 I told people not only in Washington but in Canada many times that I did not see how the then Chinese government could possibly win the war. That was the opinion I had formed after exhaustive investigations. I visited the merchants in many cities of China, men who had been Chinese merchants for years, and I asked them about the situation. They told me that they could not continue, that there would have to be a change, because they could not go on under present conditions. When I came home I suggested that the only way to achieve peace and unity in China was to follow a middle-of-the-road course.

When secretary of state George Marshall visited China in 1946, on several occasions he endeavoured to get the fighting forces together, and he almost accomplished it. I met many people connected with student bodies and democratic leagues, and I used one of the best interpreters available in order to try to get at the real cause of existing conditions. I found there was practically no support among the better thinking people for the government then in power.

What will the situation be under the present regime? That is something we probably cannot foresee. When I saw so much trouble, so much privation, and such terrible conditions, I said to myself many times: How can you support a government which condones, approves and contributes to a policy of feudalism, oppression, graft and corruption? How, in the name of democracy, liberty and Christianity, can you support such an outfit anywhere in the world? I could not do so. I do not know what will happen in the United Nations if the present regime in China should be recognized by Canada. It is two years since I visited China, and probably conditions have entirely changed. Many of the people I met in China were not pro-Russian, but anti-Russian. They were afraid of the Russian regime, but they could not continue under the old set-up. If that is the condition today, as I am firmly convinced it was two years ago, then if you want to maintain some stability —and I believe there is some stability now— I believe the new regime should be recognized as soon as possible. If that is not done, the result will be to drive these people into the open arms of Russia, which I think would be disastrous. This is something, of course, the United Nations will have to take into consideration. I think I saw in this morning's newspaper that Mr. Bevin was going to consult with the other nations about recognition of the new government in China.

When I was in China, associated with this great international body, it had a personnel of about two thousand, most of whom were from the United States. Others, however, came from all over the world—from South Africa, from India, from Egypt and other countries. Most of them could speak a little

English. It was what we call pigeon English, but at least we could understand each other and could carry on correspondence. Invariably they would ask me: "What state do you come from?" When I told them I did not come from a state, that I came from Canada, without exception they replied, "We think that is a wonderful country to live in. We think it is the best place in the world. Unfortunately your immigration restrictions will not permit us to go there, but we would like to go." I am fully convinced that no country stands in as high regard among the nations of the world as Canada does today; and this is something of which we should be very proud.

Many factors have contributed to Canada's position in this regard—the stand Canada has taken at international conferences, where we have always adopted the middle-of-the-road course; the fact that we have no territorial ambitions of our own, and that we have always stood for the rights of the common people. I must confess that I had to leave the shores of Canada and go to a foreign land before I fully appreciated what this country should mean to us and what this country has to offer. I believe we have a better standard of living, greater security and a brighter future than any other country in the world. I believe we have the best form of government, and I think we should support it. It is true that we have not solved all our problems; but as long as the world lasts you will never get a government that functions one hundred per cent. If we want to halt communism; if we want to make sure that communism finds no place here, let us teach Canada to the children in the schools and the young people in our universities. Let them compare this country with Russia and her satellites, and I am sure they will appreciate that Canada really is the best country in the world.

Then when the revolutionary days are over—and they will be over—we will need all our intelligence to adapt ourselves to the conditions of the new era. I am quite sure I do not need to tell the minister that it will be a matter of compromise and co-operation—though you cannot compromise too much. I mean that there must be a certain amount of give and take, but it cannot be all give or all take. We should never give up hope, however, as long as we can keep the nations of the world around the conference table, as long as we can maintain some kind of co-operation. You will remember that the league of nations failed because one country after another left it and refused to co-operate. Then we had two separate groups of countries that strengthened themselves in preparation for war; and no doubt that is what we would see if the United Nations should fail. I repeat that if we are to have peace in the world—and we must have it—it will have to be a matter of co-operation and compromise.

Many times I thought, when reading the late Wendell Willkie's book "One World", that if he had lived in China or India for any considerable period he would have realized that one world would not be possible in our time, but it probably will come much closer to realization in the life of this generation. In the United Nations we have racial divisions, we have differences of creed, we have economic conflict. But we have all those problems here in this country in some degree. The United Nations can draw up a basis of agreement, to be sure, but beyond that it is up to the individual people. We must support the United Nations, and must support its policies; for they touch the lives of all of us. Unless we live those policies in our hearts and souls and minds, unless we support that organization completely, it can never be a success.

In conclusion I urge that we make it our aim and ambition so to live, so to strive and so to serve and work that we shall be able to play our part in creating a better understanding among the races of the world and making a contribution toward the raising of the standards of living of those poor unfortunate people who are unable to help themselves without help from the European and western powers.

Let me close my remarks with a proverb I learned in China. It was written in Chinese, but I had it translated; and it went like this:

> Where there is righteousness in the heart, there is beauty of character. Where there is beauty of character, there is harmony in the home. Where there is harmony in the home, there is order in the nation; and where there is order in the nation, there is peace in the world.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, during the course of this debate yesterday and today my mind has kept turning back to a scene in a third-year classroom at the university of Toronto some twenty-six years ago, when a young professor arrived to deliver his first lecture. He was very young; in fact he looked as though he might be an undergraduate himself. He spoke with a slight lisp; but he quickly commanded the attention of his students and, in a very short time, won their complete affection. I had the good fortune to be a member of that class; and the young professor who came to deliver his first lecture, in English constitutional history, was one Lester B. Pearson, who soon became known to all undergraduates as Mike. Little did I think then that he and I would today be sitting on opposite sides of this house participating in a debate of this nature.

If he will permit me—because I must still treat him with the deference that a former student must ever show to his professor—I should like to compliment and congratulate him on the admirable speech he made yesterday, in which he gave such a comprehensive review of our external relations. One thing I admired about it, in addition to its comprehensiveness, was that it was realistic and did not pull any punches, especially when dealing with the Kremlin menace which overhangs great sections of the world today. I thought it was refreshing to hear from the lips of the Canadian Secretary of State for External Affairs plain, bold truths, spoken without mincing words. It seems to me that is a refreshing and encouraging note in discussion of our international relations.

This debate, sir, is timely. I am one of those who feel that this parliament should have more frequent debates on external affairs. If we are to do our duty to those who sent us here, it is necessary to see that the Canadian people are provided with essential information concerning world affairs, so that great developments may not take place unknown to them, or cataclysmic and startling events burst upon them without warning. Such debate is necessary, too, so that the beneficial effect of public opinion may be felt in this chamber and in that way exerted upon those who are responsible for administering Canadian external policy.

Yesterday the hon. member for Peel (Mr. Graydon) said something I do not intend to repeat but wish to concur in completely. He laid great emphasis upon the necessity for discussion in this house and for provision of the fullest information as to the developments in our external relations. A good example of that is the interesting speech which has just been delivered by the member for Lambton-Kent (Mr. MacKenzie). It brings to our minds this fact, sir, that our interest in the great events that are taking place in distant areas of the globe is not merely an academic interest. We listened closely to the hon. member's account of events in China, not as something remote from us, but, apart from the fact that he spoke from personal experience, as relating to events, unfolding themselves in China today, which have a direct bearing upon our life and our future in Canada.

As this world shrinks, and as Canada grows in strength and importance, so our horizons as citizens of Canada must broaden. This will be possible only if parliament does its share in shaping the thought of Canadians.

Mention has been made, sir, of the fact that in essence we have in Canada—I shall not say a nonpartisan foreign policy, but certainly a bi-, or tri-, or quadri-partisan foreign policy. It is revealed in the speeches which have been delivered in this debate. It seems to me that has been one of the elements of strength in Canada's external relations in these eventful post-war years. The fact that the two principal parties at least have seen substantially eye to eye in matters affecting Canada's external policies has been a contributing factor of great significance in the rising importance attached to Canada's voice, and her position in relation to the other nations of the world. I hope that condition may continue. I feel it is the duty of every member of the house to strive to make it possible for our foreign policy to be continued on that level and not be drawn into the area of partisan conflict. This will be possible if between the government and the house—and when I say "house" I mean all parties in the house—there exist mutual confidence and a disposition on the part of the government to be thoroughly frank with the house on these subjects at all times.

With this thought in mind, I should like to echo what my colleague the member for Peel said yesterday in urging the government to make a clear statement as to the extent to which the government may have gone in any particular in committing itself in the conferences that have been proceeding in recent months following recent international treaties and agreements.

We are actually debating, sir, a motion to refer certain of the estimates, namely the estimates of the Department of External Affairs, to the standing committee on external affairs. I believe this procedure is worthy of comment, in view of one or two remarks that were made yesterday.

As one who has sat on that committee since it was first established in 1945, I wish to commend the procedure that the house is asked to approve. Not only has that procedure been beneficial in past sessions, but it has provided a vehicle serving two useful purposes. First, it has enabled the members of this house sitting on that committee to elicit more detailed information about the operation of the Department of External Affairs and the way in which government policy in relation to foreign affairs works itself out through that department than would be possible in the house. In the second place, it affords an opportunity for a more efficient review of the estimates and expenditures.

These two worthy purposes have been well served under the procedure that has been followed with respect to the estimates of this department. We welcome the opportunity for accounting furnished by this motion, and urge that the example be followed by ministers of other departments in relation to other standing committees of the house.

My principal reason for speaking in this debate today is to lay before the members of the house some conclusions reached and some observations made largely in the course of my travels in Britain and on the continent of Europe a year ago. Since that time there has not been a debate in the house which would provide an opportunity for discussing some of the observations made on that tour, which in itself was a very interesting experience. With some other hon. members of this house, it was my good fortune to be one of the Canadian delegates to the commonwealth parliamentary conference which assembled in London in October, 1948. It afforded to the delegates an opportunity to meet some exceedingly interesting people in England, Scotland and Northern Ireland, and representatives from all parts of the commonwealth and the empire. After the conclusion of the conference, it was my good fortune to visit Greece, Italy, France, Belgium, The Netherlands, Denmark, Norway, Sweden, Germany, and Ireland, which at that time was still Eire. I do not pretend, sir, that that tour makes me an authority on this subject. If, however, the house will bear with me, I should like to share some of the experiences and some of the observations made in the course of that eventful tour.

In the first place, one cannot undertake a tour of that kind, coming in close contact, as I had the opportunity of doing, with Canada's representatives abroad—when I say "representatives" I mean not only those of ambassadorial or ministerial rank but the staffs in the embassies and legations—without a feeling of pride and satisfaction in the realization that the diplomatic side of the public service has attracted to it so many able men. I wish to speak now particularly of the younger men. This department had the good fortune to enlist the services of a large number of young men who came out of the armed services at the conclusion of the war. They are men with a good education, a clear mind and, in many cases, I believe they have a bright future before them. That has been one of the great advantages that Canada has enjoyed, because it has given vigour and clarity to our relations in the capitals of other nations. I hope that as time passes these younger men will be given encouragement, and will from time to time be appointed to leading positions in the diplomatic services as men who have earned those positions by right of promotion and by long service. I do not say that every ambassadorial post must be filled by a career diplomat, but I hope that as time goes on the young men who have been brought into the public service in this field, and who have had the opportunity of developing, will not be denied the opportunity of reaching the higher posts in the diplomatic service of Canada.

I should like to say, too, that visits from Canadians, particularly those in public life, to some of the more distant countries I have mentioned, would be good for our representatives there and for those who have the good fortune to visit those countries. Particularly in the three Scandinavian countries that I visited I was told that few members of the Canadian parliament are ever seen there. May I say this to the Secretary of State for External Affairs. I hope he will encourage his able deputy to visit as many as possible of these diplomatic posts abroad if he cannot do it himself. Firsthand contact will be extremely useful on both sides. It will be possible in that way to understand some of the immediate problems that men in the diplomatic service abroad, in all ranks, are facing. There are many acute difficulties as a result of exchange problems in these recent times.

One cannot visit Britain without a thrill of pride when one sees that, submitted as it was to the severest test that any nation in all history has ever undergone, it came through in such way as to fulfil the prophecy of Winston Churchill: so long as the world shall last, though the nation shall last a thousand years, men will say that that was Britain's finest hour. It is with sadness that one sees today the heavy price that that nation is still paying for her tremendous exertions and her almost unlimited sacrifices during the war.

As the minister has said, the commonwealth today can boast of increased achievements. Within the past year and a half we have seen the addition of three young partners to the list of the members of this British commonwealth of nations. They are old countries, but young members of this commonwealth. It was the great privilege of those of us who were delegates to the commonwealth parliamentary conference to come in close contact with the delegates from these new dominions. They were a most interesting study. The Indian delegation, for instance, was a strong one. In fact, one can say that about all those delegations. Nearly every one of them—and there was one woman among them—had a record of imprisonment sometimes aggregating a long period of years. Yet there was not in the conversation of one of them—and to me this was a most agreeable fact—the slightest trace of bitterness toward Britain. This surprised me, and I made it my business to ask some of these Indian delegates the reason. The answer was: It is due to Gandhi, because Gandhi always insisted that we were not

fighting Britain; that we were fighting against what we considered to be the imperialistic system, and Gandhi always insisted that there should be no bitterness.

It is an amazing fact, Mr. Speaker, that today those who are leading India into the new paths of self-government upon which she has entered are men whose minds, notwithstanding their experiences of the past, are, with hardly any exception, free from bitterness arising out of their past experiences. Their whole attitude could be summed up in this way: We thank Britain for this gift of self-government; we are determined to show Britain and the other nations of the world that we deserve this gift, and that we are going to make good. The same may be said of the delegates of Pakistan and Ceylon, although they have not had the experiences I have mentioned in relation to most of the Indian delegates.

In the light of events elsewhere in Asia, particularly in China, and events that may soon make themselves felt in the smaller countries south of China, it is of the greatest importance, not only to Canada but to the whole civilized world, that we should see rising on this subcontinent of India a nation dedicated to peace and to democracy, and representing the principal hope of the world today for the maintenance of stability in the Far East. There was a time when many people of the western world regarded China, because of her long record of faithful attachment to peace, as the hope of the future in Asia. But having regard to events that are occurring in China today, the thoughts of the world are being transferred to India as the principal basis for the hopes that we build of peace, stability and democracy in the Far East. We may be thankful for the vitality of democracy in that land, and the vitality of the belief in democracy that is shared by Mr. Nehru and the other Indian leaders who are following him so faithfully in their tasks.

Looking at what is happening there, is it not a thousand pities that Burma was so hasty in her decision, in view of what she might have been saved in the light of the decisions made at the prime ministers' conference in April last? She might have had everything she sought in the way of sovereignty and yet have continued to enjoy the benefits of membership in this great commonwealth.

Yesterday the Secretary of State for External Affairs mentioned with regret the departure of Ireland from the commonwealth. I am sure it is a matter of the most profound regret to all Canadians that the government and the Dail of Ireland have not seen their way clear to remain as a sister nation in the commonwealth. I simply make this observation on that departure. While in Dublin it was my good fortune to discuss this matter with the Prime Minister, Mr. Costello. I had the opportunity of meeting individually all the members of his cabinet, as well as Mr. de Valera, the leader of the opposition. The reasons that were given by the government for the course which it had then announced, and which became effective within a short time afterwards, do not reflect any ill will, either toward Britain or toward other nations in the commonwealth.

Mr. Costello said two things. He believed, first, that the step that was being taken would be a contribution toward better relations with Britain. In the second place, he said that it would remove, as a source of political strife, the question of relations with Britain, which had been exploited in times past by politicians there as a means of advancing their political interests. Just as we in Canada, to our great loss, have had racial and other differences basely exploited for political purposes, so in Ireland differences with Britain have been exploited for political purposes. We can only hope that there will continue to prevail that measure of good will which was professed by all the leaders of that country at the time they took their fateful step.

Europe is a fascinating study at any time; and I do not think one could have visited the countries in Europe I have mentioned at a time when a more interesting study would have been possible. Of the importance of recovery in Europe, particularly in western Europe, both politically and economically—and I may say spiritually as well—there can be no question. If the world is to tread the paths of peace and to be delivered from the uneasy mood under which it has laboured since the war, then Europe must undergo that restoration, political, economic and spiritual.

There are two bright rays of hope in the European scene. One is the fact that in some of the countries statesmen of great stature have arisen who are giving leadership to their people. In the second place, United States aid, both in the material sense in the way of money and in leadership, has been invaluable. No Canadian ever ought to underestimate the contribution that the United States has been making to the restoration of Europe and the preservation of democracy in western Europe.

One thinks, of course, of France because of its leading position. One thinks of conditions a year ago, when strikes and riots, precipitated by the communists, were being

aimed at the breakdown of government in that country—diabolical attempts which that nation has survived. France now seems to be moving into smoother paths, although she still faces formidable economic difficulties.

Belgium came through the war and entered the post-war period with her economy probably in better condition than that of any other nation involved in the war. The Netherlands suffered terribly during the war, and one of the great difficulties in working out a customs union between Belgium, The Netherlands and Luxembourg has been the great disparity between economic conditions in Belgium on the one hand and in The Netherlands on the other. Progress has been made, and the good feeling among those nations augurs well for the future.

As to Italy, several of us Canadians who were there at the time had the opportunity of conferring with the Prime Minister, Mr. de Gasperi, and members of the Italian government. Italy has had a heavy struggle against tremendous economic and political difficulties. By those of us who may be prone to think of Italy principally in terms of her role as an enemy country in the earlier years of the war, and of the treachery and the perfidy that accompanied Italy's entry into the war under the hand of that villain Mussolini, this fact should be remembered: Italy today is led by a man who is a great democrat. Mr. de Gasperi was in exile throughout the twenty years of Mussolini's regime. He found exile in the Vatican; otherwise undoubtedly he would have ended his days in a concentration camp. After twenty years of exile in the Vatican throughout Mussolini's regime, he returned and is today taking a prominent place among the statesmen of Europe in leading his country forward. Italy has a tremendous population problem. There are two million unemployed in that country. That is the essence of Italy's great economic difficulty.

Mention has already been made in this house, and I do not need to dwell upon it, of the way in which the tide of communism has receded in Europe, in all the countries that I have mentioned, and also in the Scandinavian countries. In moving through the Scandinavian countries one was conscious of the fact that the communists are losing ground. Naturally I made it my business to try to find the reason. Everywhere I went I found from those with whom I talked—people in public life, members of the press and citizens—that the factor that made the impression upon those countries, which were countries attached to the democratic way of life, the thing that had opened their eyes to the reality of communist aims in Europe, was what happened in Czechoslovakia. It was all very well for them to shrug their shoulders at what happened in Poland, in Roumania, in Bulgaria, in Hungary and in Albania, because those countries seemed to be far away, and all of them had not had the record of wholesome attachment to democratic ideals that had prevailed among the brave Czechoslovakian people. What happened in Czechoslovakia? The communists found their way into the government under the guise of colleagues, under the guise of coalition. They quickly grasped the key posts of power in the government. Then when the time was ripe, and acting on instructions from the Kremlin, they seized power. There cannot be any compromise between democracy and communism. Events in Czechoslovakia have proven forever that democrats and communists cannot work together in the same government. The events in Czechoslovakia contributed mightily to the opening of the eyes of the peoples in the democratic nations in western Europe, and not least of all in the Scandinavian countries. What has happened in elections that have occurred there since is simply the culmination of a process that was quite evident at the time.

A year ago today I was in Berlin. It was an amazing experience to be in that city of ruin. But probably more impressive than the ruin was the airlift. The airlift is not simply a closed chapter of history. The political significance of the airlift should not be underestimated by those who are shaping events in the world scene, and who are looking forward to what may happen in the days to come. It was a marvel of organization; it was a tremendous triumph of the western nations, Britain and the United States, over Russia in the cold war. I do not stop now to examine the technical features of it. It fell to the good fortune of a member of the other place, Senator Moraud, and myself to see this airlift in actual operation, to fly in on it to Berlin and out on it, to see it in operation, both at Gatow airport, which was used by the Royal Air Force, and at Tempelhof airport, used by the United States air force. On both fields freight planes were landing and taking off every three minutes. An aeroplane was taking off or landing every one and a half minutes, and all of them were controlled by one man in the control tower. It was our good fortune to be in that control tower, and to see this whole operation laid out before us. It was a costly operation, but it was successful.

There are those who say that a great mistake was made by the leaders of the allied powers during the war in planning for the

joint occupation of Berlin. Well, sir, whether a mistake was made or not—and I for one am not convinced that a mistake was made—the fact of the matter is that, once joint occupation was decided upon, its continuance was essential; it was necessary that the western nations, which Russia was trying to push out of Berlin, should stand their ground. A decision of the most vital and far-reaching importance was taken in concert by Great Britain and the United States when they decided that they would stand their ground in the face of tremendous pressure exerted upon them by the Russians, deliberately exerted to force them out, and thus to cause loss of prestige to the western nations in eastern and middle Europe, and also to snuff out the flicker of hope still entertained by the peoples in those countries that some day they might live to recover their freedom; and to show them that their hopes were in vain.

It was a triumph of unity between Great Britain and the United States. Not only did it preserve their position in Berlin; not only did it preserve the hopes of those who were outside the iron curtain that the western powers were still strong enough to stand up to pressure from Russia, but it has served to keep alive behind the iron curtain the hope of those unfortunate, unhappy people that the day will come when they will recover their freedom.

That triumph of the airlift has been responsible, to a greater extent than has been recognized, for the fact that it became possible to enlarge the scope of the Brussels pact into the North Atlantic treaty. I think the Prime Minister (Mr. St. Laurent) will bear me out when I say that the strong stand of Great Britain and the United States, their show not only of strength but of will to stand up to the Russians in that situation, was largely responsible for creating in the minds of the smaller nations of western Europe a willingness to enter into military commitments with the stronger nations and to make this North Atlantic pact an effective and comprehensive instrument of policy on the part of the democratic nations to restrain further Russian aggression in Europe.

May I digress to say that I hope, before he closes the debate, the Secretary of State for External Affairs will say something further to the house about whatever efforts are being made to pursue the drafting of the peace treaties with Germany and Austria.

One is conscious of the tremendous difficulties. One is conscious of the fact that the western nations must certainly keep alive a loyalty to the cause of democracy, and the support that democratic leaders in Germany enjoy from the people of Germany today. I am not commenting on just how deep that loyalty is, or how quickly it may be lost; but I am sure that those who are responsible for directing the external policies of the western nations are alive to the necessity of strengthening the hands of the democratic leaders in Germany today. I had the opportunity of talking to some of these democratic leaders in Berlin, and learning the feelings they harbour as to the uncertainties facing them if their hands are not strengthened.

In the very few moments remaining to me I should like to say something about Greece. All too little is known in the western world about what has been happening in Greece. If more were known, less would be said on the part of some to the effect that what has occurred in Greece since the war has been merely a civil war. I spent some days in Greece—not simply in Athens, but also up in the battlefields of the north. We were taken to Janina; there we were within view of the battleground of the Grammos mountains where a very important battle had been fought against the guerrillas in April, 1948.

What has happened in Greece has not been a civil war. It is true that large numbers of the guerrillas were Greeks; but that was no cold war: that was a hot, shooting war, and that force of guerrillas had foreign help behind them. Russian planes were supplying the guerrillas who were fighting in large numbers in the difficult mountain areas of Greece. It was the communist countries to the north of Greece—Yugoslavia, Bulgaria and Albania—which were harbouring those guerrilla forces, supplying them with bases and hospitals, and seeing that they were armed with everything they needed to make their incursions into Greece from those bases.

Their methods were the typical communist methods—diabolical in the extreme. When they raided the villages they shot the men who would not consent to being conscripted into the guerrilla ranks. Their homes were destroyed, and their children were abducted by the thousands and carried over the border to the communist countries to the north. When I was in Paris—where, I may say, I was treated with the greatest kindness by the Secretary of State for External Affairs—while the United Nations assembly and the political committee of which the minister is this year's distinguished chairman were in session, I heard the Yugoslav delegate complaining in the strongest terms against the action of Mr. Trygve Lie, the Secretary General, who had banned the showing, under

United Nations auspices, of a film which, the delegate said, showed the conditions under which Greek children were being reared in the schools of Yugoslavia.

Those children had been taken from their homes, from their parents in Greece, by these communist raiders, and carried across the border to the communist countries in the north. They were to be reared there and filled with communist hatred and communist doctrine until they were old enough to bear arms. Then they were to be sent back to join the guerrilla forces for the purpose of overthrowing the lawfully constituted government of Greece.

I wish to say something about democracy in Greece. If free discussion in the parliament of a country, the utmost freedom on the part of an opposition to attack and to criticize the government, is a true badge of democracy, then there is democracy in Greece today. Half a dozen of us Canadians were accorded a reception in the parliament of Greece, something for which we must always be thankful. We saw there with our own eyes the kind of debate that was taking place. I can tell you that there was no pulling of punches on the part of opposition members in that house. There we saw democracy working in an elected chamber, just as it works in this chamber, with the utmost freedom on the part of members of the opposition to speak and to criticize.

Greece holds a most strategic position in the world today. If Greece had fallen behind the iron curtain, the whole balance of power in the world would have changed, throwing the eastern Mediterranean under the power of Russia in that vital area where Russian policy has been trying to advance Russian influence for the last two hundred years.

The brave people of Greece have suffered great privations. Their attitude is one of profound gratitude to our nation for the gifts of wheat and other supplies from this country, through the Red Cross, and the Aid-to-Greece fund operating with the Allied War Relief fund. These gifts actually rescued that whole nation from the verge of starvation, because when the Germans moved out they took everything with them. They took all the medical supplies; they took all the food. They denuded the hospitals and other institutions of healing in the same way.

It filled us Canadians who were there with pride, to receive on every hand an unrestrained expression of gratitude from the Greek people to Canada for what this country has done. There is no more grateful people in the world than the people of Greece. It filled us with pride to see the Greek people standing on the streets of Athens and cheering when the car of the Canadian ambassador drove by flying the Canadian red ensign. General LaFleche has done great work there. He has been a very popular figure in Greece.

I hope we shall hear in this chamber no word of criticism—although I thought the hon. member for Winnipeg North (Mr. Stewart) came very close to it today—I hope we shall hear no word of criticism of American aid to Greece, because it was that American aid that has made it possible for the Greek people to expel these diabolical communist guerrillas from their midst, and give the people the chance, which they have been denied from the time war burst upon them in 1940, to rebuild their country and walk in the paths of peace. A great task of reconstruction awaits the Greek people who have suffered so much, and have earned our admiration and our gratitude for holding fast the gateway to the west against the invaders from the east.

Then, sir, this is my final word: whatever may be found disappointing in the international situation; whatever may be the misgivings of some in view of our disappointments, particularly in the security council of the United Nations, failure, should it come, must never be the result of any defection on our part from these institutions or the ideals they represent. The obligations we have undertaken are sacred to us. No matter what others may do to dishonour their obligations, ours must remain inviolate.

As we survey the uneasy present and the dark past I think we can all take fresh heart when we remember that there is committed to us as one of the western nations the cause of freedom, the cause of the dignity of man, the cause of honour and fair dealing among nations.

At one o'clock the house took recess.

The house resumed at three o'clock.

Mr. R. O. Campney (Vancouver Centre): Mr. Speaker, I am sure that every hon. member of the house is grateful indeed to the Secretary of State for External Affairs (Mr. Pearson) for the clear, frank, comprehensive and informative survey, which he gave us yesterday morning, of conditions as they exist today in this troubled world. It was a sombre statement. There was not much ground for optimism, certainly none for overoptimism, but there were rays of hope and encouragement here and there, for which we are all thankful. I think also that in the course of giving his review the Secretary of State for External Affairs impressed each of us with the fact that the conduct of the external relations of Canada rests in very capable and

understanding hands. Lastly, I am sure that we were all impressed, as we listened to him reviewing world affairs, with the tremendous responsibility which he carries as the responsible minister, and which this government or any other government carries in the field of international relations today.

In rising to make a few remarks—incidentally, the first which I have made—I do not propose to try to resurvey world affairs or even to deal with questions of high policy. I should like to undertake a much more humble task. I should like to speak for a short time about the Department of External Affairs itself because I believe it is a department of vital importance and concern to our whole future, and that its history has contributed a good deal to the development of our nationhood.

I am inclined to agree with the hon. member for Peel (Mr. Graydon) that the work of the department is not as well known as it should be, but I cannot agree with him as to the reasons. If I understood him correctly, I think he attributed the situation to a lack of education and publicity on the part of the government, and to some sort of attitude that possibly the department had a self-appointed aloofness. I do not think either of these reasons is correct. I do not think either of them is the reason why the department is not adequately known, appraised and appreciated.

In my opinion there are two reasons for this condition. In the first place I think a specific interest in external affairs on the part of every individual is hard to establish and maintain except in relation to the broadest terms of policy. After all, every man has his duties and responsibilities, and he is quick enough to appreciate anything the government does that affects him. If taxes are raised you do not have to worry about publicity; but if somebody propounds that the Secretary of State for External Affairs possibly is not taking the right position in regard to something that happened a month ago in Pakistan I do not think people become greatly enthused about it. We tend to leave these matters in the hands of the government. We tend to leave consideration of these matters to others because we cannot hope to keep up day by day with the facts on which judgment must be based.

Second, I think the Department of External Affairs must, almost of necessity, be a somewhat silent department. It is an advisory department; it collects facts and information and advises the ministerial heads of the government. Its service to Canada is an indirect one. I do not think it can be put in the same position as, for example, the Department of Public Works and the Post Office Department, which touch on tangible things that concern most members of parliament, and probably most people throughout the country. Nevertheless I believe that the department is doing an outstandingly good job.

I should like to point out that the work of the department and of its responsible heads day by day is most exacting. They must deal with a multitude of varied and complex questions which must of necessity be dealt with promptly and effectively, and frequently without any clear idea ascertainable at the time as to what the ultimate effect may be, because in foreign affairs the world is never static. It is changing every day, and the department and its responsible heads must keep abreast of every development and try to interpret it. Therefore it seems to me that the actions of the responsible heads of the Department of External Affairs must be the responsibility of the government which has to be judged and approved in the final analysis. I think that is true of other countries. I do not think therefore that the government or the department is open to criticism of any kind as to that phase of the matter.

The Department of External Affairs goes back a long way. It originated out of confusion because each department of the government was writing its own letters to different departments of other governments in the world. Sir Joseph Pope, who was under-secretary of state at the time, and who had been Sir John A. Macdonald's private secretary, in order to bring order out of confusion suggested that some department should be created to handle such matters, and he prepared a memorandum of which I shall read only a couple of sentences. It seems almost quaint now in the light of what has happened since that time. This is what he said in 1907:

> I recommend that a small staff of young men, well educated and carefully selected, be attached to the department which I have advocated, and that they be specially trained in the knowledge and treatment of these subjects. In this way we shall acquire an organized method of dealing with international questions which at present we wholly lack.

Two years later, in 1909, forty years ago, that recommendation was followed and the Department of External Affairs was created. It was then a mere adjunct of the Department of the Secretary of State. It had a small staff consisting of one deputy minister, two chief clerks and four clerks. It was little more than a channel of external communication, but soon after it was formed it was attached to the Prime Minister's office and he became Secretary of State for External Affairs. In this particular I do agree with the hon. member for Peel that we might well

find a less unwieldy title. The department continued growing steadily until 1946, when a separate portfolio was created which was assumed by our present Prime Minister (Mr. St. Laurent). He continued in that portfolio until 1948, when the present Secretary of State for External Affairs (Mr. Pearson) was appointed.

In the meantime the department has grown from its inception in 1909, until now we have over 170 highly trained and specialized technical officers, and a staff of over 800, operating through twenty-three embassies and legations, seven high commissioners, numerous other special representatives, and many consular offices.

I should like to pause for a moment to pay tribute to the under-secretaries who have made this great development possible. Because he was a close friend of mine, first of all I should like to pay tribute to the late Dr. Skelton, a very able, self-effacing and industrious man, who literally worked himself to death in the service of this country. He was succeeded by Mr. Norman Robertson who, as we all know, has represented us as high commissioner in Great Britain, then by the present Secretary of State for External Affairs, and finally by Mr. Arnold Heeney, whom we all know. I wish to pay tribute to these men for the work they have done. I think Mr. Mackenzie King should be regarded as the father of this department whose estimates are now before us, since he was in charge of its development during the formative years.

Prior to world war II these estimates were not very large, amounting to perhaps six, seven or eight hundred thousand dollars a year. Today, leaving out the extraordinary expenditures, they amount to about ten million dollars, or about one-half of one per cent of the total estimates of the country.

For a moment or two I should like to examine what we get in return for this expenditure. Perhaps we could put it in this way, that such expenditure is supplementary to our vast expenditures for national defence, which I suppose we must regard as the cost of our police force. These estimates, it seems to me, might well be called an insurance premium against the risk of war; and, like all insurance premiums, they carry no guarantee. However, it is the best we can do and offers the best protection open to us. It enables us to pool our risk of war with the other nations of the free world in what we might call an international Lloyd's and I think it gives Canada an outstanding opportunity, as events have proved, to work in the interests of peace and security, which are the keystones of our policy.

It enables this government, representing this country, to contribute effectively and continuously to the diplomatic effort now being put forward—the cold war, if you like, in which we are desperately engaged—in the hope that we may later avoid a shooting war in which we and all the other peoples of the world might perish. This is a bitter struggle; the stakes are great, and I do not think any other department of government bears the heavy responsibility that is carried by the Department of External Affairs.

The greatest field of its activities, of course, is within the United Nations organization. We all realize, with some sadness, that that organization has not fulfilled to any major degree the high hopes held when it was formed; but our hopes still live, and we dare not let them die. Yesterday I was pleased when the Secretary of State for External Affairs (Mr. Pearson) said he believed—and he should be in the best position to know—that the United Nations had strengthened rather than weakened during the past year. That is a heartening and encouraging statement.

Now let us look for a moment at the contribution made by this government, working through the Department of External Affairs, to the work of the United Nations. In the formulation of the charter at San Francisco; in the deliberations of that organization year after year; on the atomic energy committee; on the security council; on the economic and social council; and now through our chairmanship of the political committee, this country has made a contribution second to none and in my opinion far greater than that of any country in the world at all comparable with us in either size or population. In passing I should like to observe, and I believe all hon. members will agree, that the election of our Secretary of State for External Affairs to the chairmanship of the political committee was no accident. It was a tribute to this government and this country, and a personal tribute to the great qualities of the man himself.

A number of specific phases have been mentioned in which this country has given active leadership; but for a moment I should like to deal with only one; that is, the drawing up of the North Atlantic pact. Who contributed to the success of that effort more than or even as much as our present Prime Minister (Mr. St. Laurent)? No man gave more of his effort in the early days of the United Nations in an endeavour to establish the rule of law throughout the world than our Prime Minister; and when he saw that was going to be impossible of attainment at least within the appreciable future he threw his

energies, and this time with success, into the formation of what we call the North Atlantic pact, to provide collective security in this area. This was a new departure; it broke new ground in international affairs, and in itself was a practical step forward which may lead to other steps should the United Nations fail in its over-all objectives.

I had the privilege of attending one of the assemblies of the league of nations as secretary of the Canadian delegation. That was a place where I could never find in authority anyone whose thoughts matched the realities. It was a very pleasant, platitudinous place, but they did not tackle serious, practical problems. Whether it succeeds in whole or in part the United Nations has moved one step forward, because no one can accuse it of being platitudinous; no one can accuse it of not facing up to the problems. I think the North Atlantic pact may yet stand as one of the great contributions made within the organization of the United Nations; and with that contribution our own country, through the efforts of the present Prime Minister, has been closely associated.

There is another point about the North Atlantic pact I should like to emphasize. It is not merely a military alliance, which was the old method of entering into mutual defence pacts. It provides also for complete economic co-operation. About a year ago the Prime Minister put it in these words:

> We must get clearly into our minds the fact that a security treaty will not be fully effective if it is nothing more than a military alliance. In order to create and maintain an overwhelming preponderance we must have on our side not only military strength but also economic and moral strength.

That represents to me, Mr. Speaker, the highest order of international statesmanship, because it marks a new step forward in the close association of the free nations of the world. It was accentuated yesterday by the Secretary of State for External Affairs, when he said:

> We must bring about the widest possible economic collaboration at the earliest possible date.

So I say this government is certainly taking its full part, and more, in the strenuous battle to establish peace and security in this troubled world. In that connection the minister said yesterday:

> Canada has made a good and effective contribution, and her prestige stands high among the nations of the world.

To my mind that was sheer understatement. I think he might have said, had he not been too modest, that Canada has made an outstanding contribution, and that her prestige stands very high in the world today.

[Mr. Campney.]

Finally, I believe the department has indirectly made a great contribution to the growing unity of this country and the development of our nation. Our active participation in the United Nations organization I believe has brought our people closer together than ever before, has made every Canadian feel a greater pride in his country, and has stimulated the Canadian spirit to the point where the development of this country and its vast resources has begun to move forward at an unprecedented pace.

It is an historical fact that after each of the two world wars Canada, by reason of her policies, the valour of her armed forces and the energy of her participation, took a marked step forward in her influence in international affairs. I think it is equally historically true but possibly not as well known that every extension of Canadian influence in the field of world affairs has been inevitably followed by a corresponding forward step at home along the road to nationhood.

Following world war I, Canada was admitted for the first time to a peace conference in her own right. We won our own representation at the league of nations. We won the right to enter into treaties on our own behalf and to establish our own representation abroad.

These developments in the field of external affairs were paralleled at home by a whole series of constitutional developments which culminated in the Statute of Westminster, which marked the final stage of transition from a colonial empire to a commonwealth of independent nations.

Following world war II our progress in the field of world affairs is well known to all. The forward steps in this field are again being paralleled in this very parliament and at this very session by changes in our constitutional set-up. I refer to the change in the status of our supreme court and the change in the method of amending our constitution. These changes are following a pattern. We seem to make headway first in the field of international affairs and then we catch up at home.

The increasing importance of our country, owing to its outstanding participation in world affairs as we move along the road of destiny, is due in a large part to the important role played by the Department of External Affairs. In a sense, that department is becoming the mirror in which Canada is seeing herself in her true proportions for the first time. If I am right in that, the

modest estimates of the department which are the subject of the resolution before the house probably represent the most fruitful expenditure which this house will be called upon to approve.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, I am not going to extend any more compliments to the Secretary of State for External Affairs. I am afraid that he may think he has the problems of the world settled. I believe he deserves the tributes that he has received this morning, but I should like to remind him that he has to return to Lake Success and face Vishinsky and a few other people who may not believe all the things we have heard about him in this chamber. I appreciate the difficulties facing the minister, but I believe he is a great improvement over what we previously had in external affairs.

For some time there was no Secretary of State for External Affairs and the department was pigeonholed with the Prime Minister. He had very little time to devote to the many complicated problems that are involved in international affairs. As a result of that not many discussions such as we are having at this time took place. I have listened attentively to the discussion so far. This morning we heard two addresses and, without detracting from any of the others, I believe the addresses of the member for Lambton-Kent (Mr. MacKenzie) and the member for Eglinton (Mr. Fleming) gave us the picture from a practical standpoint.

The member for Lambton-Kent gave us a description based on his personal experience. I thought it was valuable. It is worth reading. I was rather surprised at my friend the member for Eglinton, and quite pleased. I believe he justified the existence of the parliamentary association. Because of a trip he was able to take through the medium of that association, he was able to give the house a complete, and I think fair, picture of what he saw in the different countries he visited. It was an encouraging picture. His report, and he is always inclined to be quite critical, was to the effect that progress is being made despite a lot of the press statements to the contrary. I believe the house owes something to the hon. member for the effort he made this morning. It was a fair and reasoned approach to the whole problem. The hon. member even gave credit to the government where credit was due, something that is very unusual for him. It means something, coming from him.

I should like to express my own thoughts on this particular subject. First, I should like to say that since the end of the war I have thought there has been too much stress placed on war. A reading of the newspapers of the United States and Canada would lead one to believe that we are on the verge of war, and that war is inevitable. I believe that is far from the truth. Since the end of the war, my thought has been the other way. I believe that one of the greatest instruments for the maintenance of peace in the future is the United Nations organization. It is an organization that is working under great difficulties. We realize that. I have heard opinions expressed that the old league of nations failed and the United Nations is going to fail. The old league of nations did not fail. In my opinion, an ideal was sown at that time and the league struggled under great handicaps. It was hamstrung and betrayed in the work it was attempting to do in that period in which it functioned. Nevertheless the idea was sown and it is as a result of that idea that the United Nations is functioning today. It is benefiting from the experience of the old league of nations.

I said the United Nations was working under difficulties. Perhaps one of the main reasons for those difficulties is the lack of understanding between Russia and the western world. This is largely due to the propaganda that was disseminated during the war. For many years before the war the people of this country were led to believe that Russia was everything that was not right. Then Russia became our ally in the war, and immediately the propaganda machine in this continent went into reverse. It went out of its way to lead the people of North America to believe that Russia is a fine country. For some time the press was filled with stories that Russia was not irreligious, the churches were free. We all remember those statements. Even J. S. McLean of Canada Packers travelled around the country raising funds for Russia. That was only a few years ago, and today the people you are trying to convince that Russia is disturbing the peace of the world are the people this propaganda led to believe that Russia was a fine country. The man on the street is now wondering where he is going to draw the line of demarcation between propaganda and fact. That is one of the difficulties with which the United Nations has to contend at this time.

Various members have made suggestions that we are not receiving sufficient information about what is happening at Lake Success. I believe that is correct. When the minister returns to Lake Success, perhaps he

could see to it that everything that happens there receives full publicity in this country and the United States. Unfortunately it is impossible to get the story through to Russia. If we can keep our own people on an even keel and dispel the illusion that war is inevitable, in my opinion that will go a long way toward the maintenance of peace in this world.

There is a great deal of controversy about what the United Nations is doing and what it is not doing. In my opinion it has failed in two respects. First, it has failed to put into operation the machinery that was provided by the charter. I am not saying that is the fault of anyone because there have been difficulties in that direction. That is what made the North Atlantic pact necessary.

In discussing the charter we in this house were led to believe that an international police force was going to be set up. The military staffs of each country, under the supervision and direction of the security council, were going to get together and, on a per capita basis, were going to establish a police force that would supervise the peace of the world. I know that, as far as we are concerned and as far as the United States and the other countries within that body are concerned, that would have been done. Russia has been the stumbling block in that direction.

Then the illusion is created in the minds of a great many people across the country that the North Atlantic pact is something that has not anything to do with the league of nations, that it is an instrument that has been built by warmongers in order to make war on Soviet Russia. That opinion is current in some sectors of our society. But that is not true either. The North Atlantic pact was made absolutely necessary because of the failure of the United Nations, because of Russia's opposition to forming the international police force which is to provide the machinery if and when it is set up. The Atlantic pact is an outgrowth of the United Nations. The charter makes provision for the setting up of regional pacts if that is necessary. Hence the Atlantic pact is set up, and I am glad that it is; because in linking up the nations that form that pact for economic and military purposes, it is a step in the right direction. But in my opinion that machinery should go a little bit further.

While there is a certain amount of economic arrangement within the North Atlantic pact, in the United States and Canada I think there is a growing opinion that not only should it be a military and a partial economic pact but that we should go further with that machinery and that there should be an alliance of the nations that are set up today, a union of these countries, for all purposes. Following that idea to its logical conclusion, I think that eventually within that structure we should perhaps have a common currency, and trade arrangements which would eliminate many of the difficulties we are having today. That opinion is becoming strong in the United States and in many sections of Canada where people are thinking and reading; because the future of the world on the road ahead is, in my opinion, within the structure of those united nations in following through these ideas.

Another place where I think we have fallen down is in implementing the machinery set up at Bretton Woods for the purpose of stabilizing currency and developing backward countries. These principles were enunciated in the Atlantic charter. They were discussed in this house and all over the country. To Bretton Woods were sent the ablest men in finance in Canada, the United States and in every other country. My friends in the Social Credit party say that the Bretton Woods agreement failed. But it did not fail. It was not tried.

Mr. Blackmore: It could not be tried.

Mr. Gillis: The international bank and the international monetary fund were outgrowths of the Bretton Woods agreement. The fund was established. The forty-five nations that are now members of the United Nations are members of that international bank and international monetary fund. Some $750 million was subscribed, but that bank has never functioned. If it had functioned for the purpose for which it was intended, we would not have had devaluation of Britain's currency. We would not have the mess there is in certain parts of the world today if we had accepted our responsibilities, through the medium of that financial machinery, to develop backward countries and to give them a chance to get on their feet. The Marshall plan has, to some extent, done that; but it has not been a united effort on the part of the forty-five nations that are members of that international bank and international monetary fund. As for myself, I think that particular subject has been overlooked; at least, I cannot find that it has been discussed at all in the United Nations.

I am merely making these observations to direct the minister's thoughts to these points so that when he goes back, in addition to attending to his many other duties, he can try to do a little bit of thinking about them and to interest in them someone who happens to be on the committees that have to do with subjects of that kind. But definitely I think

we must get our own people in the United States and Canada down to more basic thinking.

Then as to this business about China: I have heard it discussed here and I had heard it discussed before I came here. Many people say that there is a move on foot now for Britain to recognize China and to do business with her. My suggestion is this. What else can she do under the circumstances? She has possessions at Hong Kong. She is standing there facing an army that conquered China. Is she going to precipitate a war on that country? I should like to leave this thought with some of the members of the house and with some outside it. China today, in my opinion, is not being invaded from the outside. She is taking the only course that is left open to her. If we stop and think for a moment, we realize that, for six or seven years before the last war broke out, China was standing practically alone fighting the invasion of fascism from Japan—bombed, starved, and all the rest of it. Then in 1941, when she was in desperate straits, somebody closed the Burma road on her and thereby closed off the only route through which she could take in supplies and carry on resistance. After war was declared by Germany, Japan was supplied with scrap from this country. China has been in a terrible mess; and the people of China today are taking the only means by which they can provide themselves with some security, a means of livelihood and a means of developing their own country.

I see them taking that position because there is no other road out for them. Chiang Kai-shek is trying to maintain the *status quo*. While I have heard some hon. members defending his regime, yet there are some pretty black pages in that regime when it comes to ruthlessness and all that goes with it. Let us not get the idea that China must be isolated. In my opinion she took the only way out of her present difficulties that she could. We have to come to an understanding with her.

With regard to Russia, let us not forget that it was dictatorship, tyranny and everything that goes with it that compelled these people to seek the only way out. I have no quarrel with them for what they are doing in their own country, because they never had freedom, they never had democracy. Eighty-five per cent of them are illiterate, and they have practically no standard of living. They took the only way out in their own country. Where I quarrel with them is in what they are trying to do outside their own country. I have nothing but contempt, and have had nothing but contempt for the last twenty-five years, for anyone who calls himself a Canadian or an American and becomes an ally of that particular kind of organization within Canada But let us not forget that it was hunger, poverty, the absence of security, and misery that drove these people in the direction in which they are going at the present time. There was no alternative for them; but there is on this continent. We have to demonstrate to the people of the outside world that we are prepared to see their problems as they really are and do what we can to help them restore freedom in their countries.

There has to be a lot of basic thinking and a lot of careful talking on these particular subjects. I am not unmindful of the fact—and of course most of the hon. members are not—that while today, on this continent, we have the highest standard of living in the world, and our mass production is unequalled, yet we must not forget that it is not many years ago that Britain was in that position. Our resources are not inexhaustible. In the not too distant future, in terms of generations, we may find another continent giving world leadership. India and China have vast sources of wealth. These countries, with their millions and millions of people who are just beginning to tap their resources, may become world leaders. We have to understand one another and try to work together. In my opinion the United Nations is providing that leadership. We are fortunate in having the man there that we have. I believe that our present Secretary of State for External Affairs, with his background, his knowledge of international affairs over the years, is contributing in a valuable way to that end. I hope that he does not develop the complex that we are a little country and that we should not have too much to say; because one man who is honest and knows where he is going in that organization, whether he represent a little country or a big one, may be able to sell to the big countries ideas that will stick in the future. I think we have in that organization a man of whom we can be proud. I hope he does not get a swelled head and develop a statesmanship complex. I like to think of him as just plain honest Mike. I hope he remains that way.

The difficulties that are being created are exemplified in a little editorial which I picked out of the last issue of the *Western Co-Operator*. I am not going to read it. In this editorial it is stated that a man in the United States by the name of Armstrong had $50 million which he wanted to give to a certain university with the stipulation that no negroes or Asiatics were to be admitted. He was to write the bylaws of the university. The university was to do what he asked. That is the old Hitler complex. It is quite difficult

for a man to sit on the United Nations organization under present world conditions when that kind of stuff is sent abroad. Here is a man who is a big industrialist. He is very influential in the affairs of the United States, and he comes up with a proposal of that kind. I can hear radio Moscow picking it up and saying: "Here are the people who are looking for co-operation. This is the kind of thing that they are doing behind the scenes at a time when they are making a lot of promises within the United Nations organization."

Mr. Graydon: Thank goodness, the university turned it down.

Mr. Gillis: I do not know about that. I hope they did. Nevertheless a thing of that kind does the whole country a disservice.

I do not want to delay this debate any longer. I merely wanted to express my opinion along these lines. Through the United Nations we should try to do a job with the international monetary fund. We should try to make it function. I believe there is a solution there for the difficulties of world currencies. If that bank were working properly it could do a good job there. It is staffed well. It has made a good start, but it is not functioning as it should. If it were it would go a long way toward helping the people in the backward countries. These were the principles upon which we fought the war and it is upon these principles that we established the structure of the North Atlantic pact. It is an idea that is workable. It is what made the United States. It is the same pattern. There is no reason why we cannot do it on an international scale. There is a large body of public opinion in the United States and Canada in favour of it now. We should go forward with it carefully and see that it works properly.

Mr. George A. Drew (Leader of the Opposition): One thing that has been very noticeable in this debate has been the obvious spirit of agreement that within this chamber there should be no difference of purpose in regard to the objectives of this country in relation to the very simple but very ominous threat that faces us and faces the rest of the world. Probably at no time has the responsibility imposed upon the Secretary of State for External Affairs, or the corresponding members of government in other countries, been heavier than it is at the present time. It would appear that never before have the issues been so clearly in focus as they have been during this past year, and they seem to be becoming more clearly in focus all the time.

Everything that has been said since the Secretary of State for External Affairs gave his very comprehensive review of the position of his department and the basis upon which the Canadian government is approaching these great problems today has been an attempt to contribute something to a greater appreciation of various aspects of this problem. And everything that has been said has been more with the hope of adding something to a general appreciation of this great problem than to be critical of any point of view that has been expressed, or to minimize in any way the significance of the summary that was made in this house yesterday by the Secretary of State for External Affairs. It is from that point of view that I should like to emphasize some features of the present situation which I believe all of us should bear in mind in expressing our opinions now and in seeking to play our part in awakening a lively public interest in the subject that we are discussing, and in creating the opinion in the minds of the people of Canada that this is the business of every Canadian; and that the whole future of Canada, as well as the future of free people elsewhere throughout the world, will depend upon the extent to which people themselves, who still have the greatest concern about what happens, devote their thoughts to this subject and express their opinions as to how they think world events should be faced by the government of this country in the years ahead.

The Secretary of State for External Affairs has outlined the situation with which the countries are confronted in view of the attitude of the representatives of Russia at this time. I should like to underline the words "representatives of Russia at this time". I do not believe that the people of Russia themselves are reluctant in any way to establish a basis of friendship with the other nations of the world if that opportunity were only open to them.

Unfortunately under the system of rigid dictatorship which has been imposed upon the 200 million people of Russia itself, and upon more than 500 million others throughout the world in these past four years, there is little opportunity for the people to know what other people are thinking. Unfortunately the people of Russia, and those others living under communist dictatorship elsewhere, are unaware of the fact that throughout the free world the people in that free world want nothing more than an opportunity to demonstrate their real friendship for the people of Russia, and of every other country in the world.

Unhappily it would not serve the purposes of the communistic dictatorship to let their people know that this spirit of friendship does exist; and consequently not only is a

barrier being created between them and the free world, which prevents access to their country by the people of the free world, but equally they are preventing people living behind the iron curtain from knowing anything about the way the rest of the world really lives, and what the sentiments of the rest of the world really are.

There is one feature of the present situation which it does seem to me is too reminiscent of what happened in the years before the last war. It is a feature which perhaps is not discussed often enough in approaching the problem we face today. When the nations which had been joined in arms to destroy the military power of Germany and Germany's associates in that war met at San Francisco before the war had actually ended to draft a charter which would provide a working basis for co-operation between those nations which had been associated in that terrible conflict on the side of freedom, the very beginning of that charter was the proposition that every nation had the right to choose its own form of government, and that no nation in the world would have a form of government imposed upon it by any outside power.

That was the foundation upon which the whole concept of the charter of the United Nations was drafted. It applied to Russia just as it applied to China and as it applied to every other country which signed that charter. It was also intended ultimately to apply to those countries which were then ranged as enemies against the nations whose representatives met at San Francisco in 1945.

As we discuss the external affairs of this country today, and our association with the nations of the Atlantic community in an effort to preserve their freedom within the circumstances which now confront us, it is essential that we remember how far that basic proposition has already been denied. We are not simply in a position where we are preventing Russia from denying it. Russia has already denied it; she has repudiated that proposition and has carried aggression to a point far beyond what Germany had done up to the outbreak of war in September of 1939. And we shall not be facing reality unless we keep that truth in mind.

Russia is not only today threatening the freedom of the western world both by its accumulation of military power and by its fifth column organized in every free country, but also has already imposed its will by force upon one nation after another which had no more desire to submit to communist dictatorship than we have here in Canada today. The Baltic states of Estonia, Lithuania and Latvia are countries with a tradition of freedom, countries which have demonstrated a love of freedom which makes communist dictatorship no more acceptable to them than it would be to us.

Poland throughout long years had cherished a love of freedom and had asserted that love in the struggle it had made against Germany in 1939. It would always be well for us to remember that in September of that year we did not go to war as a free people by our own choice because our soil was attacked. We went to war because Poland at that time had become the symbol of the right of every nation to have its own form of government and to have its own territorial integrity respected. This country went to war when Poland was attacked because we, along with other free countries, recognized at that time that if aggression of that kind was permitted to carry forward its terrible course, it would only be a question of time before the right of any nation anywhere to have its own form of government would be destroyed. And as we see Poland today, under the iron heel of communism, at this very hour undergoing one of those purges directed from Moscow, which means that any pretence of legal authority is hypocrisy of the worst kind, we might well bear in mind that it was the attack on Poland in 1939 that brought the United Kingdom, France, Canada, Australia, New Zealand, South Africa, India and the other parts of the great British fellowship into this conflict.

Then, as we look at the other countries throughout Europe which have been placed under communist domination, whether they had democracy or not before that form of government was set up, at least they had their own form of government. And under the United Nations charter—the very first chapter of it—they had a right to have their freedom respected and to have their own form of government chosen by themselves.

One by one we have seen Roumania, Hungary, Bulgaria, Yugoslavia and Czechoslovakia, along with other smaller nations, brought under communist control and dictatorship from the Kremlin. It is not likely that more than ten per cent of the people of Czechoslovakia at the very outside supported even to a limited extent the ideas of communism prior to the time that the dictatorship was set up there early last year. That is a warning as to what can happen elsewhere, and as it happened in Czechoslovakia it is well for us to remember that when communism came to Russia in 1917 less than two per cent of the people subscribed to communist doctrines or were

members of the communist party. A small compact minority with military power has demonstrated what it can do in any land.

During the last year the greatest tragedy since the war has taken place and China has been brought under communist domination. In the review of the situation which was given to us yesterday, it was indicated that there would be certain requirements which must be fulfilled before the communist government of China could be recognized. As I understand, one of them was that there should be evidence that this was a government that was accepted by the people of China. We have no way of testing the acceptance of a communist government in any land because once a communist government is set up acceptance of it is not a matter of free choice but is enforced upon the people by rifles and machine guns, and every device of suppression known to man. Therefore, if that is to be the test, I submit there can be no recognition of the communist government of China.

The pattern is clear. The government there will, as in every other land, still be a government subservient to the Kremlin, and if in any country the people should seek to assert their national beliefs as something separate from international communism undoubtedly it will be greeted in the same way as the assertion of that right was greeted when the communist government of Yugoslavia expressed the simple belief that they were first of all Yugoslavs, and that they did not believe the communist doctrine meant they must of necessity submit to controls from the Kremlin. These events are moving so fast that not one of us can see clearly yet what may happen in Yugoslavia. Any one of a number of events may occur. In any case, it is unlikely that things will just stand still.

Although we detest communism as a doctrine, I imagine that every Canadian will welcome the assertion of Yugoslav pride in their own national integrity, and will hope that the people of Yugoslavia, under whatever form of government they have, will be able to retain control over their own affairs free from domination by the Kremlin. If they succeed in doing that, then it may well be a hopeful and encouraging sign to those other lands now under communist governments that they too can do the same thing. Step by step, if nations are able to free themselves from the domination and control of the Russian communist party, as distinguished from the communist parties in their own lands, the day will be that much nearer when there may be some hope that the people of these countries will evolve a free system of government which will in fact become a democracy as we understand it.

Prepared as the nations of the Atlantic community are today to do what is necessary to preserve our freedom, it is essential that we all remember that we shall not have carried out our full purpose merely by the preservation of our own freedom. If we believe in the charter of the United Nations, this will only be the first vital step. Nothing can be more vital to any one of us than the preservation of our free system of government, but when we have assured the preservation of that freedom in our own country we still must remember that, to the extent that we still assert our belief in the principles of the United Nations charter, we must do what we can in the days ahead to assure the acceptance of the doctrine that every nation has a right to determine its own course. We must do what we can to bring to those nations which have been brought under Russian domination the hope of freedom that was extended to them when the nations signed that great charter at San Francisco in 1945. Anything less than that is a denial of the very principles for which this country and the other free nations were fighting so short a time ago.

This does not mean that we must contemplate the possibility of aggressive acts of any kind. If the free nations of the west establish a position of such strength and certainty of purpose that Russia is in no doubt whatever about their determination to stand together to preserve their freedom, then we shall have gone a long way towards the fulfilment of that ideal of the United Nations charter. Russia and the nations now satellite to Russian power cannot contemplate with any degree of satisfaction a rigid division between that part of the world under communist governments and that part under free and democratic governments on the other side of the iron curtain. There are many things that Russia needs for the development of her vast territory. There are many things that Russia needs for the restoration of her damaged cities and countryside which can only be obtained from the free countries of the west. There are many skills and techniques that Russia needs to assist them in their hope of development in the years ahead.

If the free nations of the west, the nations of the Atlantic community, stand firm and leave no doubt about their purpose, the time may well come—and sooner than many of us may hope today—when it will be possible to say to Russia: Carry out the provisions of the Atlantic charter. Free

Poland; free Yugoslavia; free Bulgaria and Roumania; free the Baltic states; free Czechoslovakia and China from your threat of power. Leave them free to make their own choice, in their own way. Then we shall be prepared to say we do not pretend to tell you what form of government you should have within your own land; and if you give that evidence of acceptance of the charter we shall recognize you as a member of the great fellowship which was established at San Francisco.

That is not an impossible dream or hope. In fact it is the only hope of sanity in the years ahead. It is the only hope for a steady growth of freedom in those lands which have known freedom but which today are under communist control. But the starting point is the firmness of purpose and effective co-operation of the nations now associated in that famous pact, who have been brought together for the preservation of their own freedom and for no other purpose, certainly none which could threaten any other nation.

Here in Canada, as elsewhere, it becomes increasingly important that our intentions be clear beyond doubt. For that reason I want to point out a kind of uncertainty which it seems to me should be removed here in our own country, for it is the kind of uncertainty which may cause confusion in the minds of our people and of people outside Canada. In a speech in this house on November 11 the Minister of National Defence (Mr. Claxton) said, as reported at page 1698 of *Hansard*:

> It is perfectly clear that we have no commitments whatever under the North Atlantic treaty.

He went on to indicate that as a result of subsequent discussions which might take place certain commitments might be considered by the government. But I would like to compare his words with those of the Secretary of State for External Affairs (Mr. Pearson) yesterday, as they appear at page 1843 of *Hansard*:

> In broad terms, we are committed to provide such aid as we can reasonably be expected to contribute, in the form in which we can most effectively furnish it.

I think no doubt should be left in the mind of any member of this house, and no doubt should be left in the minds of the people of Canada, as to our actual position. The Secretary of State for External Affairs, who is the member of the government responsible for our external policies and their expression, has said that in broad terms we are committed to provide such aid as we can reasonably be expected to contribute, in the form in which we can most effectively furnish it; while the Minister of National Defence, who would be responsible for the form any military preparation would take, has stated that we have no commitments. This may be simply a difference in the use of the same terms, but I do believe any doubt created by those two expressions should be removed so that no one in this house and no Canadian would be in any uncertainty as to what actually is our position.

This is more than the matter of the definition of a sentence or the particular use of a word. It was out of uncertainties that the last war crept upon us and ultimately became almost unavoidable. We have heard a great deal of what happened in China, and none of us can be for a moment unaware of the direct effect those tragic events have upon this country as a Pacific nation. We should remember that the first dangerous weakening of the league of nations and the first dangerous departure from the principles set out in the covenant occurred when Japan was permitted to carry forward its aggression in Manchuria in 1931 and the years following, with no effective steps taken by those nations which could have asserted their voice and prevented that aggression without a shot being fired.

Hon. members will recall that a commission of great leaders of thought from Canada, Great Britain, the United States, France and other nations went to China and reported upon the situation there. The Canadian leading that delegation was the late Mr. Justice Rowell. Hon members will also recall that it was pointed out that the failure of the nations, who had joined in the league of nations to preserve peace, to act at that time marked the beginning of a steady weakening of that association which had been formed after the first world war to prevent a repetition of that tragedy. Then came the Italian occupation of Ethiopia; then came the German invasion of the Rhineland.

Step by step aggression moved forward, and no effective voices were raised in unity of purpose or in clarity of expression which said to the aggressor nations, "We meant what we said when we signed the charter of the league of nations at Versailles in 1919." Many times since the end of the last war numbers of people have been subjected to acts of aggression. Although the nations of the Atlantic community are joining to preserve their own freedom today, no united voice has been raised to challenge that aggression which has been taking place in the rest of the world in a manner which would stem that flood. For that reason it is essential that we in Canada have no doubt where we stand, and that the

nations with whom we are associated have no doubt where we stand. We should have no doubt where they stand.

In 1939 the people who lived in the free nations said that never again would the word appeasement be written in letters of blood across the face of the world. There has been appeasement. Perhaps that appeasement was unavoidable, but there has been appeasement. Now the nations of the Atlantic community are taking a stand in the face of the threat which confronts them. The effectiveness of the new pact for the preservation of our freedom will depend upon the extent to which each of the member nations knows exactly what that pact means. Whatever it means, let us be quite clear about it. It is only to the extent that we are clear that the nations who are associated together can hope to carry forward the great purposes they have undertaken.

Whatever limitations there are, let those limitations be disclosed. Whatever commitments there are, let those commitments be stated with clarity and without reserve. Whatever the basis of co-operation is, let us, as the elected representatives of the people, know what that basis is so that, through the reporting of the proceedings here, the people of Canada will know exactly what our part is going to be. Let us not once again be uncertain as to what it is we are undertaking or what the course is upon which we have actually embarked. For that reason I would hope that the remarks of the minister which will sum up this debate will clarify those points.

Yesterday, in his comprehensive and constructive speech following that of the Secretary of State for External Affairs, the member for Peel (Mr. Graydon) referred to the importance of the use of atomic energy for industrial purposes. He referred to statements that have been made about the difficulty of developing industrial uses while we are still under the threat of the military use of the atom bomb. To the extent that it may be certain that Russia actually has the secret of the atom bomb in practical form, then it would seem that the necessity for some measure of secrecy may have been removed—at any rate in regard to certain processes related to the use of nuclear energy. To the extent that Russia already has knowledge of this great development with its many possibilities for peace, it would seem that the development of this source of energy for peaceful purposes could be extended without fear of any disclosure to a nation that could use that knowledge against us at some time in the future if we were not able to find a peaceful solution to our differences.

As has been pointed out, it may well be that this discovery will usher in the greatest advancement in human welfare in the history of the world. If that immense power can be directed to peaceful ends, then the opportunity for human advancement and for the reduction of human energy in certain activities will have been carried forward to a great degree. Canada is in a unique position to open up opportunities associated with this great discovery. As has been suggested, we need not approach the problems associated with this dramatic discovery with any feeling of limitation because we are a nation of less than 14 million in a world of so many hundreds of millions. The very fact that we are still a nation with a relatively small population opens special opportunities for us to speak with a voice which cannot be suspected because of the certainty that under no conceivable circumstances could we have any aggressive designs.

I believe it can be said, to the credit of those who have spoken on behalf of Canada at the United Nations' meetings and elsewhere, that the Canadian voice has been heard and that all of us welcome the extent to which Canada's opinion is respected in the councils of the nations of the world.

As we go into the years immediately ahead, years which perhaps will be more fateful than any that we have ever known, those who speak on behalf of Canada will undoubtedly receive the wholehearted support of every member of this house and of every Canadian to the extent that, with clarity, with courage and with constructive thought, they lay before the meetings of the nations plans which will be the basis for possible peace in the years ahead.

We can play a great part because of our unique position as the immediate neighbour of the most powerful single nation of the world and as a partner in that great free fellowship which has been evolving throughout the centuries and which is now a partnership of free nations within the British commonwealth. On the one hand, we are partners with a group of nations with a similar system of government and with a common loyalty to fundamental principles of freedom; and we are the immediate and friendly associate of that other great nation which today is playing such a major role in the preservation of peace. We are in a unique position to be the interpreter to the British fellowship of the point of view of those living on the North American continent; and we are in an equally unique position to interpret to those living on this continent the point of view of those who are associated in that wider world

fellowship. It is a great challenge to every one of us. It is a challenge which places almost no limit upon the opportunity that exists for the representatives of this country to make an effective contribution to the possibility of peace and world-wide understanding in the years ahead.

I have sought to emphasize the point that the great lesson of the years between the two world wars is as to clarity of purpose and the extent to which the nations leave no doubt about their purpose if peace is to be preserved. The nations which met in San Francisco drafted this new pact which they hoped would avoid the weaknesses which had destroyed the hopes of those who joined in the league of nations. The nations which met at San Francisco were determined that never again would the horrible tragedy of those years be repeated if it was within the power of nations working in co-operation to prevent it. It is for that reason that, within such a limited area as the Atlantic pact can operate and ultimately in that wider area embraced by the United Nations charter, each of us should keep alive today the lessons of those tragic years that made the second world war possible—a war which definitely could have been avoided, by all the evidence that is before us today, if the free nations of the world had stood together at that time as they are standing together now.

It is vital that the people of this country and of the other countries be brought fully into the confidence of their governments. It is vital to the success of any plans that are made that the people of each of those countries be brought into wholehearted support of them. For that reason this house not only welcomes the discussion which has taken place on this occasion but will certainly welcome at all times in the future the explanations that can be given by the Secretary of State for External Affairs (Mr. Pearson) or by any other member of the government of the plans that are under way for the preservation of peace and the strengthening of international harmony and good will. This is one subject on which none of us can be divided in purpose, no matter whether in detail any of us may hold a different opinion. The statements that have been made here, and the views that have been expressed from every part of this house, have, I know, been made only in the hope that they may strengthen the hand of the minister and the hand of the government in playing our part as a nation at this important time in our history, so that we may take our part in preserving that peace for which so many of the finest of our youth gave their lives so short a time ago.

Mr. Jean François Pouliot (Temiscouata): I was delighted, Mr. Speaker, to listen to the fine oratorical effort of the leader of the opposition (Mr. Drew). It shows that he can do well any time that he leaves politics aside.

A few moments ago I was listening to the hon. member for Cape Breton South (Mr. Gillis), who was saying that for a time there was no secretary of state for external affairs. I presume he referred to the time when Mr. Mackenzie King was Prime Minister and Secretary of State for External Affairs. I think he may have overlooked the fact that the present Prime Minister (Mr. St. Laurent) was for a time Secretary of State for External Affairs—

Mr. Gillis: That is right.

Mr. Pouliot: —and that he did very well, especially when he sponsored the North Atlantic pact. I should like to bring a little bit of comfort to the leader of the opposition by mentioning to him some remarks that were made by a famous general who was afterwards viceroy of India. In the *Journal* of Tuesday, November 15, there appears a report of a conference that Field Marshal Earl Wavell held with the press right under this roof. The following words appear in quotation marks:

> I don't think we shall have a war and I'm sure the Russians don't want war if they can avoid it. I know the Russians, for I have spent about two years there at various times and I would say the Russians are looking for security and trying to build a defence against Germany.
>
> They have been invaded twice in a generation and they have had casualties beyond any other combatant. The devastation caused by the Germans invading Russia had to be seen to be believed.
>
> I think their fear of the Germans is at the bottom of the Russian attitude.
>
> I would say they are not aggressive like the Germans for two reasons—they do not have the German urge for what Hitler called "living space;" because they have plenty of land, and they do not have the aggressive German belief that Germans can run a country better than anyone else. I don't think Stalin and the other Russian realists believe that they can do that. They would like to spread communism into Europe but I doubt if physical aggression and domination is in their minds.

This opinion was expressed by one who was in Russia for two years, and who is supposed to know the Russians very well.

I am not a lecturer on world history and I shall never pose as such. May I quote an excerpt from Chateaubriand. It translates thus:

> Nothing seems more ridiculous than the important taciturnity of state mysteries.

Some hon. Members: Oh, oh.

Mr. Pouliot: It is appropriate because everyone takes a solemn tone when he talks on external affairs. Of course the situation is serious, and when we think of the atomic

bomb we think that the world may be destroyed in a minute; but it has not yet occured, and I hope for the best.

For a few minutes I should like to consider external affairs from the point of view of Canada. What I regret is that the high commissioner for Canada in London is in an inferior position to all Canadian ministers and all Canadian ambassadors. It dates back to a long time ago. On September 11, 1939, the member for Temiscouata spoke as follows, as reported at page 114 of *Hansard* of ten years ago:

Furthermore, it is with Sir Thomas Inskip, who recently entered the House of Lords, that our high commissioner in London, Mr. Massey, had to communicate to get acquainted with the details of the negotiations taking place between the British government and the other powers. Mr. Massey has no direct contact with the French and German embassies in London, and any news he receives originates either from the Foreign Office or the members of the British cabinet.

On page 117 of *Hansard* I asked this question:

May I ask the Prime Minister if the high commissioner in London gets in touch with the British government or with the embassies of the various countries?

Mr. Mackenzie King replied in this way, and I should like to know if the same situation exists today:

The high commissioner in London is in touch with members of the British government, particularly the secretary of state for the dominions. Through the latter source he frequently obtains information of an inside nature which he communicates immediately to the government here. He does not however come into official relations with ambassadors of other countries.

Therefore the gentleman in question who has been replaced by another gentleman was in an inferior status as compared with ministers and ambassadors. I wonder whether the situation is still the same.

On August 6, 1940, in answer to some suggestions that had been made by the then hon. member for Leeds and the hon. member for Temiscouata to have a treaty with the United States and with the South American republics, and that we should join the pan-American union, Mr. Mackenzie King said, as reported at page 2540 of *Hansard* of 1940:

I have no hesitation in saying that I believe it would be embarrassing to the United States and to the South American republics as well as to ourselves, and would create misunderstanding in other countries, were Canada to seek to become a member of the pan-American union.

On page 2541 the following appears:

Mr. Adamson: Any attempt to join the pan-American union now would be construed by our enemies as weakness on our part and disintegration of the British empire. Any alteration in our constitutional status at the present time would be so regarded by them.

[Mr. Pouliot.]

Mr. Mackenzie King: I think it would be deliberately so construed.

Mr. Adamson: Yes, deliberately so.

And they were experts on external affairs at the time.

Mr. Mackenzie King said also, at page 2540:

For that reason I feel that it is not desirable that we in Canada should discuss publicly at this time the advisability of treaties of the kind mentioned, however strongly we may feel with respect to the wisdom of them.

We could not have treaties, but eleven days afterwards the Ogdensburg agreement was reached between President Roosevelt and Mr. Mackenzie King. But there was no treaty with the United States. It would have caused prejudice to Canada to sign a treaty with the United States and to enter into the pan-American union—very bad.

On page 2540 of *Hansard* Mr. Mackenzie King made a pronouncement with regard to a headline in the afternoon papers. This is the headline:

Denies Canada arming Japan against Britain, Premier declares government acting to curb arms export.

This is what Mr. Mackenzie King said:

Then followed the statement on which the heading was based. What I wish to draw the attention of hon. members to is this. That particular statement has a significance here in Canada, but that statement is cabled to all parts of the world, and I have to ask myself what effect that question and answer is going to have in the United Kingdom in her present embarrassing relations with the orient. What effect is that question and the answer given going to have in Japan,—

What effect was his answer going to have in Japan? I continue:

—where at the present time, as we all know, there are many persons who are supercritical in the matter of trade and political relations between different parts of the world and that particular country. But above all, I ask, what effect is that particular question and the answer going to have when cabled to Germany,—

What effect was Mr. King's answer going to have in Germany? We were at war with Germany. He continued:

—and it is broadcast throughout Germany that the Prime Minister of Canada has had to deny that Canada was arming Japan against Britain?

Well, we had to listen to that. There is more to it. This is an answer to what the hon. member for Cape Breton South (Mr. Gillis) said, namely, that we had no minister of external affairs at the time that Mr. Mackenzie King was prime minister and secretary of state for external affairs. Here is a quotation from *Hansard* of April 20, 1943, at page 2365. It referred to a parliamentary assistant. He appointed a parliamentary assistant to himself as president of the privy

council, but not to himself as Prime Minister or to himself as Secretary of State for External Affairs. The appointee was acting only as parliamentary assistant in one of the three capacities of Mr. Mackenzie King, namely that of president of the privy council. Then he went on:

> Reference has been made to myself and the office of the Secretary of State for External Affairs. No one in this world would be more pleased than I if tomorrow I could have a separate minister of external affairs who could assume responsibility for all the work of that department without my being obliged to keep myself familiar with it. That is impossible. With the war situation what it is, over four-fifths of the business of the Prime Minister today is related immediately to external affairs.

Four-fifths of his time was taken up by external affairs.

> The communications that come in hour by hour on which decisions have promptly to be made or given is part of the business, not merely of the Secretary of State for External Affairs, but of the Prime Minister who has to keep fully in touch with these all-important things.

Then, speaking of the two positions of Prime Minister and Secretary of State for External Affairs, he went on to say:

> But it is no more possible to separate some of these positions that seem to be easy of separation than it is to construct an entirely new arrangement of government.

Then he said:

> The ministers should have more time for consideration of matters of high policy and have that time free away from the House of Commons altogether.

He was paying so much attention to the House of Commons that I remember he refused to prorogue the house at the end of the session, as I suggested to him in 1940, saying that parliament would be called in any case of urgency. The house was adjourned early in December of 1941, and he declared war on five countries when parliament was not sitting. We were officially notified by him a month and a half after it was done.

Proceeding chronologically, in 1944 I asked him this question:

> Was Canada represented at the Cairo and Teheran conferences held last year?

The answer by the then prime minister was no. Then:

> Is Canada bound by decisions taken at such conferences?

And the answer is no. But listen to this:

> But obviously any conclusions relating to the conduct of the war reached by the representatives and heads of governments participating in those conferences will carry very great authority with all members of the United Nations.

He was not invited. He was not consulted. But what was decided by the big ones carried great authority. What was the story of Dunkirk?—incompetence and stupidity were responsible for the death of many. What was the story of Hong Kong? According to the text of a war office statement describing the defence of Hong Kong, it states, on December 7:

> All our demolitions were successful and our troops withdrew according to plan. A readjustment of the line was desirable and this was successfully carried out at dusk.

And then on December 25:

> The military and naval commanders informed the governor no further resistance could be made.

That was intelligence. And one knows about the fall of Singapore. I would refer you, sir, to the report of Lieutenant General Arthur Ernest Percival, commander in Malaya, who blamed the fall of Singapore on British unpreparedness. It is unfortunate, but we had better look after our own affairs than rely upon those incompetent people who have proved it for many years. If Russia at first and the United States afterwards had not come to the rescue of Britain, where would she be today?

Mr. Brooks: Where would you be?

Mr. Pouliot: I would be well, in Canada—just the same as my hon. friend, who is a jingo, and I am sorry for him. And I will tell you something else, that the Prime Minister was full—

Some hon. Members: Oh, oh.

Mr. Pouliot: I mean the late prime minister—was full of the impression—

Some hon. Members: Oh.

Mr. Pouliot: Don't anticipate—that he was doing something with regard to external affairs, when he was just a listening post. When he landed at Halifax on September 2, 1946, upon returning from Europe he was asked by a reporter if he had discussed the Canadian espionage case with Mr. Molotov, and he answered:

> I did not feel any necessity of going into matters outside Europe when I was inside Europe.

That was the interview given by the prime minister of Canada, who forgot Canada completely when he was going to those conferences in Europe. Then, to scandalize still more my hon. friend from Royal (Mr. Brooks) I shall quote Churchill to him, and what Churchill said about Britain and the British government. On March 12, 1947:

> Churchill fears for Britain a measureless crash.

This from the Ottawa *Journal* of April 10, 1947. Then, on April 12, 1947, a month after that—

> Decline of British power has been accompanied by the rise and expansion of Soviet Russia.

That is Churchill in the New York *Times* of April 12, 1947. Then, in the same month, April 23, 1947:

> Churchill tonight criticized the Labour government for stupidity, ineptitude and incompetence.

This from the Associated Press of April 23, 1947. Then, on May 14, 1947:

> Churchill termed Europe a rubble heap, a charnel house, a breeding ground for pestilence and hate.

This from the Canadian Press of May 14, as it appeared in the Ottawa *Citizen* of May 15, 1947. Then, on May 16, 1947, at Ayr, Scotland, from the Reuters agency—

> There is no country in the world that is being racketed to pieces in the way we are, and there is no country less capable of surviving such maltreatment.

This is Churchill again in the Ottawa *Journal* of May 17, 1947.

I hope that is enough. The leader of the opposition (Mr. Drew) said that the San Francisco conference was a great and helpful thing. I do not think it was.

Mr. Blackmore: Hear, hear.

Mr. Pouliot: I do not think it was, and for these two obvious reasons: First of all, they decided to adopt public statements, and public discussion on diplomacy, which is all wrong. In the second place, I do not think it was helpful because they granted the right of veto by suggesting that all decisions should be unanimous. Those are two reasons why the new diplomacy has been so unsuccessful during the last years since the close of hostilities.

As Canadians we are interested in making progress. We are interested to have as our representatives at Paris, London, Lake Success or anywhere else, men who interpret the position of Canada not in the interests of the British empire, but in the first place in the interests of Canada. And the part of the British empire that interests us most, with the exception of the West Indies, which should be annexed to Canada before the bankruptcy of Britain takes place, should be India.

The other day the House of Commons gave a generous welcome to Mr. Nehru, the leader of India. The head of Pakistan also came here. In India, Pakistan and Ceylon we have a very populous part of the world. They are near China, and they could do a lot to ensure the peace of the world. When we think of a man like Mr. Nehru coming to the United States and Canada on a friendly visit and trying to make us understand the difficulties of his position, he deserves all possible credit and support we can give him because the light comes from India with its population of 380 million people, also from Pakistan and Ceylon, and later on from China because our best ambassador of peace to China should be Mr. Nehru himself.

I shall not continue at greater length about that. Hon. members who are more familiar with world history may take up the matter where I have left it and express their own opinions. I respect the opinions of all. What makes me rejoice is that, with a few exceptions, the House of Commons is more Canadian than it has ever been during the twenty-five years that I have been a member of parliament. Members are not afraid to speak of Canada now, and we hear fine declarations from all quarters of the house. Of course there are some dark spots but they are the exception. In all parts of the house members seem to be proud of being Canadian, and seem to want to do something as Canadians for their country. That is good news. It is cheerful and encouraging. I remember the time when I fought almost alone for the recognition of Canada, when I fought for the respect of man, for the respect of those who were working in industries as a part of our essential war effort. They were not recognized; both farmers and men working in industry were treated as slackers.

Mr. Ferguson: May I—

Mr. Pouliot: I would ask my hon. friend to sit down. I will not tolerate any interruptions by a black spot from Simcoe.

Mr. Ferguson: We have to tolerate your criticism of previous members of this house.

Mr. Pouliot: My hon. friend should be 150 years old because he is 100 years backward.

Mr. Ferguson: Black spot—

Mr. Deputy Speaker: Order, order.

Mr. Ferguson: I protest the hon. member's statement about a black spot from Simcoe.

Mr. Pouliot: He is.

Mr. Ferguson: He has got to take it back.

Mr. Deputy Speaker: Order, order.

Mr. Ferguson: We have listened to this long enough. Black spot from Simcoe! He is one of the blackest spots in the Dominion of Canada. I hope the hon. member will be gentleman enough to withdraw the statement he made.

Mr. Pouliot: I will say red spot.

Mr. Ferguson: Very British, I am glad to say.

Mr. Pouliot: That is all right. Now, Mr. Speaker, the red spot being erased I shall proceed.

Mr. Ferguson: You will never erase it.

Mr. Pouliot: I am not surprised to see the hon. member rising in his seat as he does because he is so backward that he reminds me of the time when my ancestors were fighting against bureaucrats and the servile servants of the crown who were so bigoted that they understood nothing. I am following the tradition of my family in describing the hon. gentleman as he deserves to be, without offence.

Mr. Ferguson: Your family was glad to have the support of my family and this country in times past. You fought under the same flag and were proud to do so in those days.

Mr. Deputy Speaker: Order.

Mr. Pouliot: I will tell the hon. member to shut up. He reminds me of a frog.

Mr. Ferguson: I would expect that from you.

Mr. Pouliot: He reminds me of a frog that tries to be bigger than it really is.

Mr. Ferguson: I would expect that from you, and so does everybody in the House of Commons. We are sick of you.

Mr. Pouliot: I am not afraid of him. I will tell him that his performance is exactly as I described it to my constituents when I spoke to them.

Mr. Ferguson: It always will be.

Mr. Pouliot: The trouble with the House of Commons is that there is a minority of bigoted members who understand nothing, who rise when it is not their time to rise, who are backward, who are imperialists, who are slaves of the empire, and who are glad to lick the boots of the blokes. Here is an example of that.

Mr. Ferguson: Proud of it.

Mr. Pouliot: He is proud of it. He is proud to lick the boots of the blokes who infest the country.

Mr. Ferguson: I am proud to be British, proud to fight for them, and always will be.

Mr. Deputy Speaker: Order.

Mr. Pouliot: That being said—

Mr. Ferguson: I know it irritates you.

Mr. Pouliot: I was glad to say what I did to that bigoted gentleman who has never understood anything since he has been in the House of Commons.

Mr. Deputy Speaker: Order, order. This discussion is all out of order.

Mr. Pouliot: Thank you, sir. This leads me to a happy conclusion. I have often told my constituents that what I rejoice about and what I am proud of is that now we have a Canadian government and a Liberal party which are really Canadian instead of being inspired by imperialists such as the hon. member who has just interrupted me. He counts for nothing. I give credit to the Prime Minister (Mr. St. Laurent) that he has realized that, as far as influence is concerned, the hon. gentleman who has just interrupted me is a nonentity.

Mr. Drew: Mr. Speaker, it has been difficult to remain silent during some of this discussion, but the hon. member for Temiscouata (Mr. Pouliot) has no right to describe any member of the house as a nonentity, or as mattering nothing. Every hon. member of the house has been elected by the people of his constituency and represents them here. I think the hon. member will do much better if he remembers that and directs his remarks to the subject under discussion.

Mr. Pouliot: On a question of privilege, I did not say that the hon. member was a nonentity. I said that with regard to his influence he was a nonentity. That is entirely different. I did not speak directly of the hon. member. I spoke of the influence that he has with the government. I know very well that under a previous government he would have been an oracle. A former prime minister would have said: We must appease the hon. gentleman; if he rises there will be a thunderstorm. He has risen and there was no thunderstorm.

What do we hope for? Our hope is that the present government will carry on its Canadian policy, tell the people that they should be proud of Canada, and look after Canadian interests above all others. Then we shall have prosperity and security. How could we expect the meetings at Lake Success or anywhere else to be successful if Canadian representatives carrying on discussions with the other delegates should speak like my hon. friend. If the delegates to those meetings were jumping up on all sides like my hon. friend it would be most unfortunate. There would be no possibility of understanding between them. Everybody would speak to the gallery. I did not speak to the gallery. My hon. friend probably rose to enthuse the ladies in the gallery with his sweet voice.

Mr. Ferguson: Mr. Speaker, the hon. member should direct what he has to say to the subject under discussion, instead of saying the Liberal party is going to remain in power here for the next hundred years, making a purely political speech out of it, and referring directly to me. If he will just devote the ability he undoubtedly has to enlightening the house on the subject under discussion he will be better employed. Unless he does so I shall continue to interrupt him

Mr. Pouliot: I am not going to continue this discussion, Mr. Speaker. There has been a long gap since the ancestors of my hon. friend were in politics, and the gap still exists. I do not want to say anything unpleasant to the hon. gentleman but I will say he represents a tradition. That is the tradition of the imperialists, those who believe the empire comes ahead of Canada. The empire no longer exists; but they are imperialists first and Canadians afterward. I am a Canadian first; that is the difference. I believe a majority of the members of this house are Canadians first. The speech made by my hon. friend would do his party great harm if it were taken seriously. I regret very much that the leader of the opposition (Mr. Drew) rose in defence of his supporter. No doubt it was a matter of loyalty on his part, and to a certain extent I admire him for it, but he does not realize and will never realize what a load the hon. member for Simcoe North (Mr. Ferguson) is for his party to carry; and I say that of all those who share his views. I regret having to make these statements; it is unfortunate, but such things have to be said sooner or later. Now they have been said it is over, so let us think of a bright future.

I congratulate the Secretary of State for External Affairs (Mr. Pearson) on the speech he made yesterday. The interview with the minister in *Maclean's* magazine a month ago was also very good. He has given us some information which indicates that at the present time Canada is respected by the nations of the world. If at San Francisco there was a distinction between small and large powers, in the North Atlantic pact there is no such distinction. They are all alike; each has the right to say what it wishes. Therefore the North Atlantic pact is a protection for the whole world. It shows the Russians that we can hold the big stick, that we can defend ourselves in case of attack, and that is very good. I hope the minister will use his powers of persuasion to the utmost in trying to reach agreement sooner or later with those who do not support the views expressed by Canada's representatives at Lake Success. That can be done only in secret conversations; but when the various delegates get together and discuss matters of common concern they will be able to arrive at a solution that will be to the benefit of mankind.

Last evening I heard the hon. member for Macleod (Mr. Hansell) say that prayers should be said for peace. How many people tell their children never to forget when saying their prayers at night, when their arms are on their little beds, to pray that at last peace may reign on earth? Christmas is coming; peace has been promised to men of good will. So I hope that the prayers of children as well as the prayers of men will be well understood by God, and that finally we shall have that peace for which everyone is praying.

(Translation):

Mr. Pierre Gauthier (Portneuf): Mr. Speaker, when I saw, a few moments ago, ominous clouds gather on our small community, the House of Commons, I felt I should speak in French, in a language I would like to make as beautiful and as clear as when Corneille, Racine and others spoke it, so that it may act as a ray of resplendent sunshine. But need I really compare this beautiful language to a ray of sunshine, since the words of peace and understanding spoken by the hon. member for Temiscouata (Mr. Pouliot), when he concluded his speech, have dispelled those clouds as if by magic and have given us a striking example of what international co-operation and peace may accomplish.

Mr. Speaker, like all other members, I usually pay a great deal of attention to requests submitted to me by my constituents. Since we are dealing with external affairs, I feel I should put on record a request submitted to the Prime Minister (Mr. St. Laurent) by the Sacred Heart leagues in my constituency and elsewhere, especially by the league from Donnacona, for the internationalization of the Holy Land.

I shall not quote the whole resolution; I can, however, tell the house that public opinion in my constituency is strongly in favour of the project. On the other hand, I am quite sure that the government will draw the attention of the United Nations to this matter which is of such particular interest at the moment.

I wish to join the previous speakers in congratulating the Secretary of State for External Affairs (Mr. Pearson). I know it is unnecessary, but I do so just the same. Our representative at the United Nations acquits himself so well of his duties that any hon. member who speaks during this most important debate cannot help but compliment the minister, who so fully deserves it. I also wish to pay tribute to the other delegates who accompanied him to Lake Success, and in doing so I am sure that I express the feelings of the house.

At one time, whenever I intended taking part in a debate, my friends used to ask me, "Will you speak of communism?"

When the house adjourned this morning, a friend of mine, who is one of the youngest and most brilliant members of the house, asked me whether I would discuss Spain in this debate. In order to follow the traditional practice and to preserve the good fellowship which should prevail among members of the house, I have decided to ask those who share my opinion to urge the United Nations organization to give kinder and greater consideration to the various requests concerning Spain's admission to the organization, as a party to the Atlantic pact.

Mr. Salazar, who is recognized as the most liberal dictator in existence, recently appealed for the admission of Spain to the United Nations organization. I do not know whether his words will carry enough weight to convince the leaders of the organization.

Here, I wish to refer to something the hon. member for Temiscouata said a while ago when he spoke about the great powers' veto. I would ask the supporters of this right of veto—and I am not now criticizing or censuring anyone in this house—whether or not they feel the right of veto granted to the Big Three is dictatorial in nature, since they are using it to bar Spain from membership in the United Nations, under the pretext that it is now led by dictator Franco.

Can we not think that the word "logic" has lost its meaning? If dictatorial behaviour is countenanced within the United Nations organization why not admit the thought of including a liberal dictator like Franco—or Mr. Salazar?

I fail to see why, within the United Nations or elsewhere, there should be any objection to Spain's admission. Is it simply because Franco is being held in derision and pointed at, because he is a dictator?

Present democracies and the greater part of those who are members of the United Nations certainly have had friendly relations with dictators of the past. A king has been known to seek help from a dictator, to restore order in his country. So it was that, in 1923, King Alfonso XIII called upon Primo de Rivera to become a military dictator and to lead a full-fledged dictatorship.

If you will refer to the Encyclopaedia Britannica you will read about the circumstances surrounding Primo de Rivera's advent as head of the Spanish army, where he was called by a king. How ironical that those very nations which did not protest against Primo de Rivera's leadership should now deny Spain the right and privilege to sit beside other nations of the world in the councils of the United Nations.

Besides, Canada itself, if it did not directly help Franco into power, at least made things somewhat easier for him. In 1937 this very house passed a law which, in effect, prevented Canadian nationals from enlisting in the Spanish republic army to fight Franco. It is chapter 32 of the Statutes of Canada. It may therefore be said that we facilitated Franco's ascent to power. That is why I cannot understand that we should now deny Spain, and Franco, the right to belong to the United Nations organization.

Mr. Speaker, there are other dictators. Our friend Salazar, a dictator, is and always has been a friend of England, especially during the war. Fulgentio Batista of Cuba was a dictator but never incurred the displeasure of the United States. When England and the United States are considering ways and means to make peace with Yugoslavia, and to grant her a loan, does it not seem like a gesture that is—I will not say ridiculous, because it would be too harsh a word—but illogical?

At the present time Tito, even though he is dictator of Yugoslavia and seems to be drawing away from Stalin, nevertheless remains an avowed and earnest communist. Recently he was up to his tricks with England and at a meeting of the executive of the Yugoslav communist party, even went so far as to say:

> The atomic bomb is a new factor with which the forces of capitalism want to destroy the Soviet union and the victorious hopes of the working class. It is their only hope . . .
>
> We did not quite reach our goal because ever since 1945 production of the atomic bomb was accelerated and improved upon. However, we are not far short of our aims. We need a little more time, however, to reorganize our troops and complete our preparations with arms and munitions. For the time being we will therefore follow a middle-of-the-road policy so as to gain time and to achieve industrial reconstruction within the Soviet union and other countries under its control.

I hate to think that he would use American and British loans to achieve industrial reconstruction within the Soviet union and other countries under its control. Tito continues:

> Then the time will come to launch into the battle for the final extermination of reaction.
>
> Our first target is Great Britain, even though public opinion ranks it second in importance and considers our forces should rally instead against the United States. We must never forget that Great Britain is very influential on four continents.

There is a man who today receives loans from two great countries which, moreover, officially recognize his government. These

two great countries, however, refuse to acknowledge Spain among the nations, as she is entitled to be. It is not because he is a Roman Catholic and that I am too that I speak on behalf of Franco, but from a strategic point of view. I believe Spain could exert a beneficial influence among the nations of the North Atlantic pact. If Spain were afforded a more serious, more adequate, more real and more rational consideration, the world would largely benefit therefrom, because, as I said before in the house, quoting Goethe:

Spain is at the gateway of the Mediterranean sea. The nation holding Constantinople will hold power over the world.

Constantinople is at the gateway of the Mediterranean sea. Mr. Speaker, let us suppose for a moment—although I shall never believe it might come to pass—that the whole of Europe becomes the prey of communism—I do not say of Russia, but of communism. Let us suppose that Spain should remain the only fortress and in my opinion she is now the strongest fortress against communism in Europe and in the world, next to Canada.

Supposing that the remainder of Europe, both coasts of the Mediterranean, for instance, should be occupied by forces under the control of Russia, what would happen, strategically and economically, to the remnant of the great British empire? What will happen if the United States and Canada have to face alone a nation stronger in armaments and manpower, and contend against its ideology? We should not disregard the ever-increasing force of Russia and her ideology.

Because the nations are unwilling to place their discussions upon a reasonable and logical basis, that is the respect of the human being, their negotiations will not bring the desired results and the co-operation which would be necessary for the establishment of world peace will be lacking. It is imperative that the nations should be alive to the situation. As the leader of the opposition (Mr. Drew) said a few minutes ago, they have the right to choose whatever government they want.

In saying this, I do not neglect Spain which has a government to its liking. Some people declaim very strongly against the Spanish government. Yet, in this world of ours, peoples like individuals have a character of their own; but too often, unfortunately, international associations do not recognize this fact.

Knowing the character of the Spaniards and the human geography of Spain, one has to conclude that that country now has the kind of government which will enable it to regain the economic stability which was denied its people, even by the republic of 1931.

Some people give as their idle pretext for refusing to admit Spain within the United Nations that Franco's government has persecuted and is still persecuting various religious denominations. They are completely wrong. Those that have been persecuted by Franco's government were guilty of political activity as politicians. They were not persecuted because of their religious beliefs, but because they wanted to overthrow Franco, in order to replace his regime by their own clique. Then the Spaniards, who want to live like other people, would first be under a so-called republican rule, and later under communist domination.

I have in my hand an article by a man quite familiar with Spanish affairs, Mr. Richard Pattee, in which he states that those who know the Spanish temperament are aware that at the present time only Franco's dictatorship can keep Spaniards united. I realize that the word "dictatorship" has an unpleasant ring in many ears. Yet those who wince at the sound of it would be prepared to set up another dictatorship, even more rigid, such as that which now exists in Russia, a state dictatorship.

At first, this type of dictatorship is content to nationalize this or that industry. It then goes on to nationalize medicine and, in so doing utterly destroys the true character of the doctor. It then nationalizes steel mills and transports, and so the dictatorship keeps on and grows apace.

Recently, two English bishops or archbishops offered advice to the labour-socialist government of Great Britain. What happened? Two members of the British cabinet, Messrs. Shinwell and Cripps, felt called upon to issue a tart warning to England's church authorities not to meddle with affairs of the nation. Once again and strangely enough that was glaringly illogical. Government spokesmen requested the guardians of the nation's morals not to meddle with politics. Now the very politicians who chided them for defending morals now admit that England is going through a moral crisis, thus justifying the men who sought to help the government.

Mr. Speaker, a fairly long time ago there lived in Europe a man remarkable for his tenacity, his courage and his methodical work. I am not praising him, I am just stating facts

and describing this man who had such a pleasant disposition that he was called "Dr. Cranky". That man was Karl Marx, who knew the country's history well enough.

Speaking about Russia, Karl Marx stated:

> Impeding the annexation policy of Russia is an all-important matter. This matter concerns all democracies and especially Great Britain and all the nations of the world must unite to prevent this invasion by Russia.

Karl Marx knew history and was aware that before the advent of communism in Russia, there was a man, Peter the Great, whom communists consider today as the forerunner of communism. Peter the Great said:

> Let us deal with the east, let us look towards the east. The west is a matter of time.

Karl Marx did not know however,—because he died seventeen years too soon,—that another communist would say almost the same thing. That man was Lenin, who was born in 1870. Moreover, students of world history have realized that the annexation policy of the Czars has been overshadowed by the annexation program of the communists. Therefore those who consider Peter the Great as one of the forerunners of communism are not altogether wrong. Moreover, we have the testimonials of those who strongly believe in Peter the Great and who themselves consider him foremost among the forerunners of communism.

I heard the Secretary of State for External Affairs speak yesterday of the Middle East and the Far East. As far as that part of Asia is concerned, I still believe that the aim of Russia as well as of the communists has always been to conquer the east, and once well established in the east, to deal more successfully with the west.

I am asking and I shall keep on asking that the nations recognize Spain's desire to membership in the United Nations, not as a futile right but as an almost sacred right, a right that all the nations of the world will want to recognize if they really fear communism and the dangers which this doctrine holds for world peace. Nowadays it is really no longer a question of communist doctrine since the encroachments of Lenin, Stalin and others. In 1820, there was a movement which spread again in 1823. It was the pan-slavonic movement, which grew around the year 1850. Mr. Speaker, when I say pan-slavonic I do not mean communist, because communism diverted the real purpose of the pan-slavonic movement.

I repeat that so long as the world does not come back to the basic idea of recognizing the sacredness of human beings and human rights, so long as those rights are not fully recognized, any declaration of human rights and privileges made at the United Nations or elsewhere will be devoid of meaning.

In concluding, I wish to say that my remarks imply no criticism, but that they are merely the expression of my own views. I never hesitate to voice my opinion. I know that other members wish to speak this afternoon, and I shall therefore let them take the floor. Before doing so, however, I wish to quote something that was said by Goethe, the old German who has achieved an outstanding place in history. I quote:

> There comes a point where national hatred disappears completely, and where rising as it were above national considerations, men feel the good or ill fortune of a neighbouring people as if it were their own.

Goethe's saying should be pondered by the representatives of the United Nations who are responsible for the re-establishment of world peace. I ask that Spain be admitted to the United Nations because I think her co-operation is necessary in our continued fight against communist Russia's encroachments throughout the world and especially in Europe.

I cannot understand how two nations like the United States and Great Britain can believe that a communist like Tito could, after obtaining a loan from them, turn against communism. We ought to be certain. When a nation is ready to co-operate with the United Nations, account must be taken of the character of its people since the aim is to give her our help, our co-operation and the assurance of a better future, whereby she may continue her march toward progress. That is my wish for Spain.

(Text):

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, the Secretary of State for External Affairs (Mr. Pearson) has been listening very patiently now for almost two whole days to excellent speeches on external affairs. I have no intention of making a speech in the ordinary sense, but I am concerned about two particular questions which I propose to place before him in the hope that when he is summing up at the end of the debate he will say something about them. The first is this. I would ask him to go further than he did yesterday in explaining Canada's policy in the Pacific. For example, there

appeared in the press of Tuesday and also of yesterday dispatches from London to the effect that there is to be a conference in Colombo, Ceylon, in the month of January, which will deal with the questions of recognition of the Chinese communist government and of a peace treaty with Japan. One of the dispatches does not indicate whether or not Canada will be attending, but I think the dispatch of yesterday said that it was expected that Canada would be participating in this conference. From now on I hope that the Canadian government will see to it that Canada takes a leading part in Pacific affairs.

I realize that the majority of the people of Canada live on the Atlantic slope. They face Europe. Most of the Canadians who live on the Pacific slope came either from eastern Canada or from Europe, or their parents came from eastern Canada or Europe, so that even on the Pacific slope there is almost as much interest taken in what goes on in Europe as in what goes on across the Pacific. It is readily understood why Canadians follow primarily the events across the Atlantic. But in recent years there have been drastic changes in the Pacific, and Canada is vitally affected by everything that happens around that ocean. I believe that the situation there is a good deal more serious today than it is in Europe. The Secretary of State for External Affairs used words to that effect yesterday, which may be found at page 1837 of *Hansard*. After dealing with the situation in Europe he said:

> We have made some progress in dealing with these problems. Meanwhile, on the other side of our country scant progress has been made in coping with the great post-war problems of the Pacific area.

I believe that the policy of the United States has been a mistaken one in that that nation has not paid sufficient attention to the Pacific. I hold in my hand a pamphlet of the Behind-the-Headlines series, entitled "American Policy Abroad" by Blair Bolles, the director of the Washington bureau of the American foreign policy association. He calls the American foreign policy a "half-world policy". He says:

> The weakness of American foreign policy has been its concentration on Europe. By this concentration, it has left itself exposed to developments in Asia, where the Soviet union and the communists have enormously increased their power without hindrance.

Then there is another paragraph headed, "The neglect of Asia" in which he says:

> As a result of the conflict with the Soviet union, American foreign policy has become primarily a policy for Europe, and the heart of European policy is Germany. Thus one effect of Russian pressure on the United States has been neglect of other parts of the world, notably the Far East and Latin America. As the Chinese communist armies steadily advanced during the late months of 1948 and the early months of 1949 towards Nanking, the Chinese nationalist capital, the Truman administration kept its attention riveted on Europe and the Atlantic, although the submission of China to a communist government implied extension of Russian influence over a great portion of the globe outside Europe.

And the attitude of the Canadian government has been very much the same, even during this session. Only about a month ago, there appeared in the press dispatches to the effect that there was to be a conference in Singapore attended by high diplomatic and military planners of various nations of the commonwealth. That dispatch, however, did not mention Canada.

On October 17, on the orders of the day, I asked a question which is to be found at page 825 of *Hansard* as to whether Canada had been invited to attend this conference and, if so, whether she was going to attend. The purpose of the conference was described as being to consider the threat of communism in the Orient, and to discuss the recognition of communist China. In the absence of the Secretary of State for External Affairs (Mr. Pearson), the Prime Minister (Mr. St. Laurent) himself answered. In effect his answer was that Canada had had no official information concerning the proposed meeting. He indicated that perhaps it was just a meeting of officials on the spot, and that no invitation had been extended to Canada. I asked then whether or not the government would make inquiries concerning this conference, and would attend if invited. The Prime Minister was rather short in his reply. In effect he brushed aside the question; I thought he did not show very much interest in the conference, and did not seem to realize just how much Canada is concerned with what is happening in the Pacific area.

In his remarks yesterday the Secretary of State for External Affairs showed a much clearer realization of the importance of this area. At page 1837 of *Hansard* he pointed out that Canada borders on the Pacific ocean, and would be very foolish to try to isolate herself from the political and economic problems of Asia. Then he went on to explain to the members that one could fly from Vancouver to the Orient within a matter of a day or two, and that now there was no longer any Far East. As he put it,—

> In fact in this air age the Far East is neither far nor east.

I thought this seemed to put the situation very well. Then he went on to say:

> Therefore Canadians must learn to look, as they are of course learning to look, northwest to Asia.

His sense of direction was a little poor when he said "northwest", because if Canada looked northwest to Asia all she would see would be Siberia. I think in looking across

the Pacific we must look from Siberia right down to Australia and New Zealand, taking in all the nations across the Pacific. However that may have been what the minister really intended to say.

Might I call it six o'clock, Mr. Speaker.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, we would wish very much tonight at eight o'clock to take up item No. 24 on the order paper, a resolution standing in the name of the Minister of Agriculture (Mr. Gardiner) referring to the Prairie Farm Assistance Act, 1939. I understand my colleague did speak to the leaders of the opposition parties, and that they have expressed no objection. Furthermore I wish to tell the house that the minister is leaving tomorrow for Washington and does not know exactly when he will be back. He would like to have this resolution moved up to a stage where it could be referred to the committee on agriculture and colonization.

Mr. Graydon: May I add this observation to what the minister has said. In the absence of the leader of the opposition (Mr. Drew) the Minister of Agriculture saw me this afternoon, and indicated that the other two groups were agreeable to having this resolution pass through the committee stage, then to have the bill introduced and given first and second readings, on the understanding that the bill will go at once after second reading to the committee on agriculture and colonization for consideration.

Mr. Fournier (Hull): That is my understanding, that the leaders of the two other parties have agreed to this procedure.

Mr. Coldwell: We understood that, yes.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRAIRIE FARM ASSISTANCE ACT

AMENDMENTS WITH RESPECT TO ELIGIBLE AREAS

Right Hon. J. G. Gardiner (Minister of Agriculture) moved that the house go into committee to consider the following resolution:

That it is expedient to present a bill to amend the Prairie Farm Assistance Act, 1939, by reducing the area taken out of payment in an eligible area when contiguous to an ineligible area; by reducing the size of an eligible area within an ineligible township and contiguous to one that is eligible; and to bring into payment any half township outside areas already established on a legal township basis but not contiguous thereto.

He said: Mr. Speaker, I am very sorry that I am compelled by circumstances to suggest to the various opposition groups in the house that we be allowed to proceed with this resolution and the bill based upon it in a manner which is not strictly in accordance with the rules. I find it necessary to do so because of the fact that I agreed some little time ago to go to the Royal Winter fair in Toronto tomorrow, and I have just received notice today that one of the ministers of the British government and the secretary of agriculture of the United States are to head a delegation to the FAO conference in Washington. It has been suggested by the government that, in view of these circumstances, I should be in Washington on Monday. Last spring when this measure was spoken to in the previous session I said that when it was introduced into the house it would be submitted to the standing committee on agriculture. I am afraid that if the bill had to remain over until I return from Washington there would not be sufficient time to have it submitted at this session. During this session I have also intimated that the bill would be submitted to the standing committee on agriculture.

In order that it may get before that committee I have discussed with the leaders of the three opposition groups the possibility of our having the bill advanced tonight through the different stages which will make it possible to have it submitted at once to the standing committee on agriculture. It would get before that committee not later than next Monday or Tuesday, whatever might be decided upon by the members of the committee. Therefore I should like to suggest that if the resolution is allowed to proceed into the committee stage I will make a statement on it, and I shall be prepared then to answer any questions in order that all information which hon. members may desire to have at the moment may be given. Then I suggest that the bill be given second reading and be then submitted to the standing committee on agriculture. If that meets with the approval of the house we can proceed in that way and get the bill before the standing committee, after which it will come back to the house and be discussed in full in committee of the whole house.

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

Mr. Gardiner: Mr. Chairman, in view of the unusual procedure and the fact that I had only three copies of the bill at hand before coming into the house, one of which I have given to the acting leader of the official opposition, the other being in the hands of one or other of the other two opposition groups, I think it might be advisable for me to read the

bill, which is very short, so that hon. members will at least have in their minds what it provides. It reads as follows:

His Majesty, by and with the advice and consent of the Senate and the House of Commons of Canada, enacts as follows:

1. Section 7 of the Prairie Farm Assistance Act, 1939, chapter 50 of the statutes of 1939, as enacted by section 3 of chapter 24 of the statutes of 1947-48, is repealed and the following substituted therefor:

"7. Notwithstanding anything contained in this act

(a) where a rectangular block of sections of land within an eligible township having an area of not less than one-sixth of the township and a side that lies along the boundary of an ineligible area is determined by the board to have an average yield of more than ten bushels of wheat per acre, such block of sections of land shall be ineligible for award;

I might explain that by saying that under the Prairie Farm Assistance Act, under the conditions which prevail at the present time, no payment can be made unless there is a block of land six miles square, that is, a legal township, in which the average yield of wheat is eight bushels or less per acre. That is the basis of the present act. Then it goes on to say that, if it is eight bushels or less per acre, from eight down to four the payment is $1.50 an acre, and from four down it is $2.50 an acre, with a minimum payment of $200 from four bushels down and a maximum payment of $500. That in general is the basis of the act as it now stands.

What clause (a) says is that if there is an area within one of these townships of six sections of land, that is, six times 640 acres, that has an average yield of more than ten bushels per acre, then that particular part of the township can be taken out. In other words, where you have an average yield of ten bushels or more in a particular part of a township covering six sections or more and lying alongside an ineligible area and the average yield may be eight bushels or less over the whole township, then that part can be taken out. The next subsection of the bill provides:

(b) where a rectangular block of sections of land within an ineligible township having an area of not less than one-sixth of the township and a side that lies along the boundary of an eligible township is determined by the board to have an average yield of eight bushels of wheat or less per acre, such block of sections of land shall be eligible for award as though it were a complete township;

The first subsection provides that where it is over ten bushels to the acre then six sections or more may be taken out. The next subsection provides that where it is eight bushels or less per acre then six sections or more can be added in. The next subsection reads:

(c) where the board has determined that an area is eligible for award and a rectangular block of sections of land outside such area having an area of not less than one-half a township is determined by the board to have an average yield of eight bushels of wheat or less per acre, such block of sections of land shall be eligible for award as though it were a complete township."

That provision was first asked for by the province of Manitoba, the reason being that that province has never obtained as much by way of payments under this legislation as it has paid in. The act provides that when farmers deliver grain to the elevators in the west one per cent of the value of the grain is taken and put into a fund, and, to the extent that that does not provide enough, money is taken out of the treasury of Canada in order to make the payments. On the whole the result has been that there has been about $3 paid out of the fund for every $1 put in by farmers. That is for the whole area, but in so far as Manitoba is concerned there has not been as much paid out of the fund as has been put in by the farmers. They have discussed whether or not they should be withdrawn from the act, and have decided that it would be best to remain in. From time to time they have suggested that in Manitoba there are areas affected amounting to less than a township—and the same thing prevails in other parts of the west—which are some distance removed from the large block that enters into the general provisions of the legislation, where payments should be made. So they proposed that we should put it on a half-township basis.

We have argued against that as applying to the whole of the area in the three western provinces, saying we would have to divide each township into four divisions and check in each in order to determine whether a half-township was in or out, which would make administration costs much too high. So as an alternative we have proposed what we are suggesting now by way of amendment to the act; that we go anywhere outside a block that has been established on the basis of the complete township and then start a new area by setting up a half-township. That half-township may be all within a legal township of six square miles, or it may be part of any one or more townships. In other words there may be eighteen sections of land some parts of which could be in any one of four townships. That which has a yield of eight bushels or less may be set up as a unit from which we start; and then we proceed as though that were a full township and build up around it by the six-section strips provided for in the other sections, or by taking out in the same way.

In a few words, that is the meaning of this amendment. The second and last section of the bill provides that the act shall be deemed to have come into force on the 1st day of

August, 1949. The reason for that is that we announced the introduction of this bill last spring, and it was assumed that it would be passed in time to take care of this year's crop. Payments are not made until December, which is still half a month away, so if this legislation is deemed to have come into effect as of August 1, 1949, it will mean that payments will be made on the basis of the 1949 crop.

In effect those are the terms of the legislation. I do not know just what information hon. members may desire before proceeding further, but if there are any questions, or if any hon. members desire to make statements, perhaps it would be better to have that done now. I can only add that I think I have sufficient information before me to answer in a brief way any questions hon. members may desire to ask, or to give a hurried reply to any statements that may be made with respect to suggested amendments other than those now proposed.

Mr. H. R. Argue (Assiniboia): I think hon. members on all sides will welcome the minister's statement and the introduction of this legislation reducing the area that may be declared eligible for payments under the Prairie Farm Assistance Act. However, the bill does not go nearly as far as I would like to see it go. The unit basis for the payment of the bonus, as I understand it, now will be reduced from a township to a half-township. While this will help remove part of the discrimination that has prevailed in the past between farmers who have had crop failures, nevertheless a good deal of discrimination will remain. And while we welcome this legislation, it should be pointed out some farmers will be denied the bonus, a bonus they would have received had this bill not been presented, since one-sixth of an eligible township may be excluded if the average yield is less than ten bushels an acre, whereas previously one-quarter could be excluded if the average yield was more than fourteen bushels an acre.

For the life of me I cannot understand why payments are not made on an individual basis; why this rectangular provision is retained. Crop failures do not often follow the shape of a rectangle. Very often you have crop failures because of the fact that a certain area missed a local rain shower; and local showers usually go in strips. The same thing applies to hail damage. If the provisions are retained with respect to the number of sections outside an eligible township that can be declared eligible, I should like to see the rectangular provision changed so that any section adjoining any other section could obtain the crop failure payments, even though only one corner might adjoin the corner of an eligible section.

From time to time a number of hon. members have seemed to wonder whether legislation like this should be continued. I want to point out that this act is most necessary for the protection and well-being of a million people in western Canada living within the area known as the Palliser triangle. Under this legislation the government has accepted at least a small measure of responsibility for those people; but surely a great deal of responsibility rests upon this government, since it was responsible for the settlement of that area many years ago. I would point out, too, that surveys in that high-risk area show that over the years a great amount of wealth has been produced. For instance, a survey of sixteen municipalities around the city of Swift Current showed that between 1919 and 1941 more than $200 million of wealth was produced. While it is true that government assistance, both provincial and federal, in that area over the same period of years amounted to $25 million, still I think it was a good investment for the people of Canada, since by paying $1 to maintain people in that district the country enjoyed the benefits of production worth $12.50.

As I said before, these people are in a high-risk area. The only way you can farm efficiently there is by farming on a large scale; and in order to do that you must have a large investment in machinery. When these farmers have two or three good crops in a row they invest a large part of their revenue in machinery, so they may farm an economic unit. Consequently after a series of crop failures as recently experienced farmers in that area face dire need.

I think it should be pointed out also that while there have been some improvements since 1939, when this legislation was passed, the liability of the government under the act has been reduced to some extent. The legislation of 1939 contained provision for the payment of $1 per acre to farmers who had yields of between eight and twelve bushels, if the price of wheat fell to less than 80 cents a bushel. For many years now wheat has been above 80 cents a bushel; we hope it will never again go to 80 cents a bushel or lower. Nevertheless, because wheat is at a higher price now than prevailed when this act was introduced the government's responsibility is somewhat lessened.

In addition I should like to point out that under the act the farmers are today contributing more than they did in 1939. The one per cent levy which was placed in that act in 1939 has remained unchanged, but in 1939 wheat was worth 50 cents per bushel

while today wheat is worth more than $1.50 at the local elevator. On the basis of the collections from wheat, the revenue from this act is three times as great as it was in 1939. At the same time, while the revenue to the government under this act has been increasing, the farmers' cost of production has increased at an alarming rate. I make the statement that the farmers' cost of production in western Canada is at least twice as high as it was in 1939. I could quote figures to show the increased cost of machinery, oil, lumber, wages and repairs, everything that goes into the farmers' cost of production, but I do not think that is necessary. Anyone who knows anything about farming in that part of Canada will agree that it is a moderate statement to say that farming costs have approximately doubled since that time. The payments to the farmers who are eligible under the act, however, have not been increased.

As I said a moment ago, on the basis of wheat, the collections from farmers have trebled. I can tell the house that the people in the high-risk area of Canada are not asking for handouts. When I talk to them about this act or when they discuss with me their needs for proper crop failure assistance, almost invariably they say this: "We want the payments increased, yes, and we want the benefits paid on an individual basis. We would be quite willing to pay an increased sum into the fund if in time of crop failure we would receive a sum of money sufficient to pay our expenses for one year". Farmers have told me they would not mind if the levy were increased from one per cent to two per cent or even three per cent. Some farmers in that area have actually told me they would not be averse to paying five times the levy they have been paying, if in return for the greater contribution they would receive payments much above the maximum of $2.50 per acre; payments of six dollars an acre on an individual basis.

If the government could see fit, as I think it should, to increase the benefits under this act the farmers within the high-risk area of the Palliser triangle would be happy to make increased contributions to the fund. As the minister stated, in the past one of the obstacles to improving the act has been the fact that the farmers of Manitoba have never obtained as much in benefits from the fund as they have paid into it. I do not blame them for objecting on that basis. I do not think the objection of the farmers of Manitoba should prevent the farmers of southwestern Saskatchewan or southeastern Alberta from securing a proper scheme of crop failure protection. Therefore I suggest to the minister that there should be a zoning arrangement whereby the levies are greater in the high-risk area, the area of frequent crop failure as compared to the levies made in the areas of low risk, the area where crop failure is seldom experienced.

The announcement of the government's intention to bring in this bill was made at the session of parliament last spring. The minister did not find it possible to present the bill at that time and so I am glad to see that this bill will become effective as of August 1, 1949. In my opinion some P. F. A. A. inspectors in the southwestern part of Saskatchewan took advantage of that announcement, and went around during the election stating that if a Liberal government were returned there would be an increase in the payments under the Prairie Farm Assistance Act. One inspector who lives not many miles from my home said to me the night before I was taking the train for Ottawa, "Well, I suppose when you get there you are going to support the proposed increase to $5 an acre under the Prairie Farm Assistance Act". I cannot say where he got that idea, but I am saying that the Prairie Farm Assistance Act inspectors went around that part of Saskatchewan before the election saying that if the government were returned the payments would be increased.

I can say without fear of contradiction that the farmers are going to be disappointed in this bill since no provision is made for increasing the benefits under the act. I know that the Minister of Agriculture has received many petitions from farmers in that area. I have received petitions from many farmers in my constituency, in particular, a petition signed by approximately 300 people in the area around the towns of Wood Mountain, Fir Mountain, Glentworth, Flintoft, Canopus and Killdeer. In that area and throughout the whole crop failure area of Saskatchewan the farmers, businessmen and local organizations are asking that the payments be increased to at least $5 per acre. They are requesting the government, if the increases cannot be made under the act, at least to declare this a year in which an emergency exists in western Canada and take some money out of the consolidated revenue fund to make increased payments to those farmers who have suffered crop failure.

In the *Leader-Post* of November 12, I saw an article reporting the proceedings at the Saskatchewan wheat pool convention. That article points out that the delegates from all parts of Saskatchewan, and half of the delegates represented areas in which there were excellent crops, without exception supported a resolution calling on the federal government to pay at least $5 per acre to the

farmers who have had crop failures this year. I would plead with the minister and with members on all sides of the house to support an improved Prairie Farm Assistance Act. It is not a good thing for Canada if a million people are suffering because of successive crop failures.

In the present crop failure area there are farmers that have experienced as many as six partial crop failures since 1942. An almost total crop failure this year, after that long series of partial crop failures, has resulted in thousands of farmers being financially destitute. I say that it is the duty of the parliament of Canada to guarantee the million people living within the Palliser triangle a standard of living comparable to that enjoyed by other sections of the nation.

Mr. Charlton: In view of the minister's assurance that this bill is to be sent to the committee on agriculture, I see no reason for taking the time of the house at the moment. I shall reserve further questioning until the bill is sent to that committee.

Mr. Victor Quelch (Acadia): After listening to the explanation of the Minister of Agriculture regarding the three proposals contained in the resolution, I may say that I think they are a definite improvement to the act. In view of the fact that this bill is going to be referred to the committee on agriculture, I intend to be brief in my remarks.

First of all, I may say that whilst these three proposals constitute an improvement to the act, they nevertheless do not go quite as far as we should like to see them go. In the first place, we should like the unit to be reduced to a smaller size than a half township; but more especially, we should like to see the minister get away from that rectangular block. I never could understand what the magic is about the rectangle. The minister seems to be exceedingly keen on rectangles. Under section 7 of the act, it used to be in squares. Now he has got it from a square to a rectangle. Why could we not have it in a circle or in a triangle or in any irregular shape? Why does he have to stick to a rectangle alone? I mean, if a piece of land is adjacent to a rectangle, why could it not be included with the rectangle? But unless it is within the confines of the rectangle, it is ruled out. It seems to me to be a peculiar provision.

Then we feel that the amount of the bonus could be increased. I think that the farmers in the drought areas have a fairly just claim in asking that the amount be increased. I realize that the P.F.A.A. is not a solution to drought. It was never meant to be. It is merely for the purpose of providing assistance to farmers who lost crops as a result of drought. But on the other hand, when you remember that this act was brought into force in 1939, at a time when wheat was selling at 70 cents a bushel, there seems to be some justification in asking for an increase at this time when all other costs have risen. I would not be prepared, however, to go as far as did the hon. member for Assiniboia. I think I am in a different position from the one he probably is in. I think he must reside in an area that is totally within the drought area. I reside in a constituency 75 per cent of which is in the drought area and 25 per cent of which is out. I know that the 25 per cent would object strongly to having the levy increased to 5 per cent unless it covered all forms of hazard; that is to say, if the government sought a levy of 5 per cent and made it cover all forms of hazard, then I am satisfied that the farmers all over western Canada would be prepared to have the levy raised to 5 per cent. But they would not be prepared to have a levy of 5 per cent on the basis of the act as it is now constituted; that is, not across western Canada.

Mr. Wright: In the Palliser triangle?

Mr. Quelch: Even in the Palliser triangle. What is the Palliser triangle? It goes to Calgary, and goes down to Drumheller. You have in the Palliser triangle areas of land that average 30 to 35 bushels per acre. It takes in Drumheller, Morrin, Orkney and Rowley. They figure on 35 bushels to the acre. That is in the Palliser triangle. They never had a year when they were eligible under the act for the P.F.A.A. bonus. You could only ask for a 5 per cent levy provided you covered all forms of hazard and on a crop insurance basis rather than on the basis of the P.F.A.A.

I just want to say a few words with regard to the three proposals. Let us take the first one, which amends section 7 (a) of the act. I believe many farmers at first sight might oppose that amendment because, under it, it will now be possible for the government to withdraw from the benefits of the bonus a piece of land when the area is only six sections instead of nine. But on the other hand, I believe the amendment is a good one because it will help to reduce the discrimination that exists at the present time, owing to the way that section is drafted.

I will explain what I mean. At the present time, if there are nine sections in a square, with an average yield of over 14 bushels to the acre, within a township that is eligible that block can be withdrawn from the benefits of the bonus. But what do we find

actually happens under that section? Very often we find that there will just be six sections with a yield of perhaps 20 bushels to the acre, and therefore the department cannot take that six sections out, because it must be nine. So to that six sections they add three sections that may have a total crop failure. But the average is still above 14. Therefore, as a result of that section, very often land is taken out of the township which has already been declared eligible and yet has suffered a total crop failure. There are several instances of that having happened. I think the minister will agree that that is a rank form of discrimination against the farmer who has had a crop failure, in view of the fact that he is residing within a township that has been declared eligible.

Under the amendment that area will be reduced to six sections, and therefore should make it easier to get the six sections than the nine. But even under the amendment there still may be discrimination because now it may be possible for them to find three sections with a yield of 20 bushels to the acre, and therefore they will be able to add to it three more sections with a total crop failure and still have an average of 10. I think in that section there should be included a proviso that no land can be taken out of an eligible township that has a yield of less than 8 bushels per acre. That would do away with the discrimination. I think that proviso definitely should be included in that section. I think the minister himself will agree that there is justification for that request. I am only asking for that to be done in a township that has been declared eligible. Once a township has been declared eligible, why should any section of land be withdrawn from the benefits of the act merely in order to make it possible to take some other land out that has a high yield?

As to the second proposal, I am thoroughly in support of it, because the situation at present is really absurd. At the present time you may have a township that is eligible. Then you may have another township alongside it that is ineligible. Yet you may have six sections along the edge of the eligible township that are denied benefits under the act because there are only six sections instead of nine. I think that any land that is adjacent to an eligible block should also be made eligible.

As to the third clause, as I have already pointed out, we are much in favour of having it reduced from a township down to half a township, but we feel that the proviso that it must be in a rectangular block should be modified so that any block of sections of land contiguous to one another equal to half a township could receive the benefits of the act.

[Mr. Quelch.]

There is one question I should like to ask the minister. Is there any understanding or regulation or provision or agreement which prohibits a province from increasing the cultivated acreage of land held by them in the drought area?

Mr. Gardiner: No, there is no provision at all. As the land is broken up in the province, provision is made for payment just the same under that as under the land that is now broken up.

Mr. Quelch: Even on land owned by the province? I am referring to land owned by the province.

Mr. Gardiner: Yes.

Resolution reported, read the second time and concurred in.

Mr. Gardiner thereupon moved for leave to introduce Bill No. 185, to amend the Prairie Farm Assistance Act, 1939.

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

EXTERNAL AFFAIRS

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE—DEBATE CONTINUED ON STATEMENT OF MR. PEARSON

The house resumed consideration of the motion of Mr. Pearson that certain estimates of the Department of External Affairs be referred to the standing committee on external affairs.

Mr. Green: Mr. Speaker, during the few moments at my disposal before the house rose at six o'clock I had explained that it was my intention merely to ask the Secretary of State for External Affairs (Mr. Pearson) to deal with two questions when he closed the debate. In the first place I had asked him to go further in his statement on Canadian policy in the Pacific, pointing out the seriousness of the position in that area, and also the lack of interest in Pacific problems shown by the Canadian government.

I had also asked him concerning the proposed British commonwealth conference that is to be held in Colombo, the capital of the new dominion of Ceylon, in the month of January. Apparently the purpose of this conference is to consider the question of granting recognition to the communist regime in China and also the question of a peace treaty with Japan. I do hope that the Canadian government will not hesitate to participate in this conference. I hope further that the

Secretary of State for External Affairs will go to the conference himself. Press dispatches which announced it set out that the Right Hon. Ernest Bevin would in all probability represent the United Kingdom. I suggest to the government that it will be of sufficient importance to have our own minister represent Canada. I trust further that Canada will not hesitate to participate in any future conferences concerning Pacific problems. There has been an indifference and a reluctance to participate in these problems of the Pacific, which is not in line with the importance of the questions to every person in Canada.

If I may presume to make a suggestion to the minister, in the Pacific Canada would be very wise to work closely with the other nations of the commonwealth. Of course Australia and New Zealand view these questions in much the same light as we do ourselves, and we now have the further advantage of having the new independent nations of the commonwealth, India, Pakistan and Ceylon, ready and anxious to participate in these conferences. The British commonwealth, having interests in all parts of the world, must always of necessity stand for peace. That is true in the Pacific as it is true in the Atlantic. All these nations which will be meeting in January will have as their main concern not methods of making war in the Pacific but methods of preventing war.

I hope that in the Pacific Canada will not be a camp follower of the United States. These were the words used by the minister yesterday. While co-operating to the utmost with the United States I hope Canada will not let herself be put in the position of a camp follower. There have been actions in the past by this Canadian government, in dealing with Pacific affairs, which indicated that the attitude of the government was not very far removed from that of a camp follower. Just two years ago a British commonwealth conference was held in Canberra, and Canada sent our present minister of defence. But before we took part in that conference the Canadian government had the Canadian minister in Washington go to the department of the Secretary of State of the United States. I hold in my hand a press dispatch of July 28, 1947. The heading is: "Canada Assures U.S. No Jap Treaty 'Bloc' ". It tells of Mr. Hume Wrong, the Canadian ambassador, having gone to Mr. Norman Armour, the assistant secretary of state of the United States, telling him among other things:

> I told Mr. Armour, what I am sure he already knew, that this conference does not and could not mean the formation of a common British front at the peace conference.

Then the present minister of defence, when he went to Canberra, made a speech; and, as he often does, he distributed copies of that speech to hon. members. I hold in my hand a copy of that speech. It was made on August 26, 1947. He took much the same line as had been taken by Mr. Hume Wrong in Washington. He said:

> The conference should be useful in giving us an opportunity to exchange views in a free and non-committal way. I daresay that no one here is in a position, even if he so desired, to commit his government to a course of action until an opportunity had been given to hear the views of other nations with interests in the Pacific.

It is very interesting to read the opinion of the Right Hon. Vincent Massey with regard to the attitude of the Canadian government at that time. As hon. members know, Mr. Massey has been both high commissioner to London and ambassador to the United States. He is our most experienced diplomat. I hold in my hand Mr. Massey's book entitled: "On being Canadian". At page 105 we find these words. He is dealing with Canada and the other nations of the British commonwealth reaching agreement on various questions. He said:

> At all times we should refuse to accept the notion that there is any impropriety in our consulting together on any matter of common concern. When it was reported in the press in 1947 that we had assured the United States government that the forthcoming commonwealth conference on the peace treaty with Japan did not foreshadow the formation of a British "common front," these representations seemed both unnecessary and undignified.

I hope that there will be no such nonsense in connection with the conference at Colombo in January, and that the Canadian government will not feel that it must first go to the United States government and explain that no agreement will be reached at Colombo and therefore that the United States need not worry.

I would ask the minister, when he closes the debate, to state whether Canada is to be represented at this conference at Colombo, and also to tell us whether the government is in favour of a Pacific pact, similar to the North Atlantic treaty. He should tell us, also, where Canada stands in relation to Japan. Is it the belief of the Canadian government that the old imperial regime of Japan should be restored to power, or will the Canadian government insist that in Japan there be set up and maintained a democratic type of government?

Further, will the minister let us know whether the government has any proposals for reopening trade with China. Trade with that country is of vital importance to Canada, not only to Canadians on the Pacific coast but to Canadians from coast to coast. When the Canadian ambassador to China, the Hon. T. C.

Davis, returned a few weeks ago, he made a statement to the press. I have here a clipping from a Vancouver paper dated October 17, just a month ago today, under the heading "Canada-China Trade Could Re-open—Davis". The first paragraph states:

Recognition of communist China by the Canadian government is all that is needed to re-open trade between the two countries, T. C. Davis said here today.

We were told that Mr. Davis would be consulted upon his return and that the House of Commons would be told of the policy the Canadian government intended to adopt. Mr. Davis has now been back a month. Perhaps the minister will be in a position to go further tonight in telling us Canada's attitude toward recognition of communist China. To sum up on this first question, the time has come for Canada to take a leading part in Pacific affairs, just as she is taking in affairs of the Atlantic. I hope that will be the policy of the government.

The second question which concerns me and with which I would ask the minister to deal has to do with what one might call the continental front. Canada has an Atlantic front and a Pacific front; and we also have a continental front—or, in this case, it is in reality an Arctic front. What is the Canadian government's policy concerning the northwest portion of this continent on which we live?—and I emphasize the particular direction I have mentioned. I have in mind particularly Alaska, Yukon, the Mackenzie river basin, northern British Columbia and northern Alberta. It is time the government of Canada had a policy with regard to this area.

The United States is Alaska-conscious. In the last war the Americans had the experience of the Japanese seizing some of the islands which form part of Alaska, particularly the island of Kiska. Had it not been for a ruse on the part of the American navy and American airmen I am told Japan would have seized the next fortified base in the Aleutian chain. Now the Americans are in the position of having a potential enemy a great deal nearer Alaska than the Japanese were. Russia of course is just across Bering strait, only a few miles away from Alaska. During the war thousands of aircraft were flown from the United States to Edmonton, across the Yukon, Alaska and Bering strait to Siberia. Quite properly, the Americans are greatly concerned about Alaska and about the whole northwestern portion of this continent.

Within the last few weeks a measure has come before congress giving the President power to negotiate with Canada for the survey of a railway line from Prince George in central British Columbia, up through the Yukon to connect with the Alaska railway. This has happened while the house has been in session.

[Mr. Green.]

A press dispatch before me from Washington dated October 4 bears the heading "U.S. Senate Committee Backs B.C. Rail Link", and states:

A move to merge the Alaskan railroad with the United States and Canadian railway systems moved another step forward in congress today.

Then it goes on to describe what has been said about that bill. On October 26 President Truman signed the bill, which is described as one authorizing him to undertake an agreement with Canada which might lead to the construction of a 1,400-mile railway to connect Alaska with the American northwest. That, of course, should be of interest to the Canadian government. Certainly it is of the utmost interest to the people of western Canada. We are directly involved in this proposal. Yet our government seems to be holding back, and does not seem to be greatly interested.

Earlier in the session I asked this question:

Have there been any negotiations between the government of Canada and the government of the United States concerning the construction of a railway through Canada to Alaska?

The answer was:

There have been no formal negotiations, but informal discussions took place in September and October, 1942.

Although that question was asked while the United States was in process of passing the bill, apparently the government of Canada had had no discussion for seven years. My second question was:

Have any surveys been made or authorized by the Canadian government in connection with such a railway?

To which the answer was:

Yes, the Canadian government authorized the United States army engineers to make a survey in 1942.

Then about the middle of October we find this dispatch headed "U.S.-Alaska Railway Far Off in Future." The article was written by Mr. Hardy, one of the senior members of the press gallery. The first paragraph of his article states:

Although the United States congress has voted funds to cover the cost of a survey for a railway route which would link the U.S. and Alaska through Canada, government officials here expressed the view—

And he refers to Ottawa—

—that it might be years before such a survey gets underway.

The final paragraph states:

> Officials of the Department of External Affairs said that in any event negotiations in connection with the suggested survey would take "a long period of time."

Judged by government standards that might mean a good many years.

On November 4 when we were discussing the bill to provide a subsidy to the Pacific Great Eastern Railway I asked the Minister of Transport (Mr. Chevrier) about this matter. His answer is found as follows at page 1461 of *Hansard*:

> As to the second question, with regard to the proposal of the United States, I understand that the bill to which my hon. friend referred has been passed by congress. Until representations are made on the official level by the United States government to the Canadian government, it is impossible to consider the question of a survey such as my hon. friend suggests.

Then I asked:

> Would Canada participate in a survey?

The Minister of Transport replied:

> I think the answer would depend on whether or not we are invited to participate. At the moment I am not aware that we have been invited. When we are invited, I presume we shall look at the position then.

It hardly befits a grown-up nation, such as Canada now is, to be so coy about suggestions of this kind. I submit that the Canadian government should have views on this matter, and should be in a position to disclose them to the Canadian parliament, and in that way to the Canadian people. Yesterday the Secretary of State for External Affairs (Mr. Pearson) said that the St. Lawrence waterway should be developed. He rapped the United States over the knuckles for being so slow about making a move with regard to the St. Lawrence waterway. Perhaps we could help them to make up their minds if we offered to co-operate in connection with the railway to Alaska, which would not only benefit Alaska but would also be of great benefit to Canada. I do not doubt that they are just as anxious for us to make up our minds as to what we propose to do about the northwestern part of the continent as we are to have them make up their minds about the St. Lawrence waterway. I suggest there is great need now for a clear-cut Canadian policy for the Pacific northwestern area. I ask the minister to explain to us this evening the stand which the Canadian government takes on this question as well as the question which I dealt with earlier in my remarks.

Mr. Rene N. Jutras (Provencher): Mr. Speaker, first of all I wish to commend the minister for the comprehensive review of current events in all parts of the world that he has presented to the house. Comments from all sides of the house were so favourable that I think the conclusion is quite obvious that I can very well dispense with adding anything further. I am fully aware that the house is anxious to conclude this debate tonight, and I assure you that I will cut my remarks down to the minimum and not delay the house unduly.

It has been my privilege to represent Canada at the fourth session of the general assembly of the United Nations. Therefore, I was particularly interested this afternoon and yesterday when hon. members who had had that experience in the past gave their impressions of the organization. I was particularly impressed this morning with the remarks of the hon. member for Winnipeg North (Mr. Stewart) when he said that he had been struck by the great prestige of Canada at the United Nations. I think that is the first impression anybody receives who goes to the United Nations, because it is paramount, and it is always very gratifying to a Canadian upon reaching the scene. I suppose there are many reasons for the high prestige that our country enjoys. No doubt a great deal of the credit goes to the minister himself because of his personal ability, with which most hon. members of the house are familiar. When you couple with that his many years of experience in the diplomatic field, and his very pleasant and engaging personality, then you pretty well have the reason why he enjoys so enviable a position at Lake Success, and thereby reflects credit upon Canada as a whole.

It was a tribute to his country when he was elected chairman of the political committee, the most important committee of that organization, but it was also a tribute to the man himself, because after all hon. members will realize that any man who assumes the responsibility of chairmanship of such a committee must have personal attributes to carry out that responsibility. The minister combines both the qualities necessary for leadership of the Canadian delegation and the required ability and experience to perform his duties as chairman of the political committee. Everybody is agreed in saying that he is doing a splendid job.

I also want to mention briefly that the Minister of National Health and Welfare (Mr. Martin) is bringing honour to his country at Lake Success. We all know that he can speak very forcibly, and with complete honesty and frankness. I should also like to mention to the house Canada's permanent delegate at the United Nations, General McNaughton. I believe he is doing a splendid

job in New York for Canada. I do not think that any more conscientious delegate could be found. As we all know, he is an arduous worker, and possibly one of the most active members among the delegations. I should also like to mention that on the second day after I reached Lake Success I heard echoes of the reputation of St. Laurent and Ilsley still ringing in the corridors and the committee rooms.

Lastly, I want to join with the hon. member for Winnipeg North when he said this morning that a great deal of the credit goes to the officials of the Department of External Affairs. Most of them are young, hard-working men. As a matter of fact, by the standards of other delegations they are rather underpaid, but they are not just doing a job. They are pursuing a cause, and they are completely devoted to their task. There is no question that a great deal of the credit should go to these hard-working and able men. The fortunate position that Canada finds itself in also contributes to that prestige because, as has been mentioned, Canada is expected to and does approach all questions from an objective angle.

After all, we in Canada have no special axe to grind with anybody. In the past we have had delegations who have worked most strenuously and earnestly to try to further the aims of the United Nations. They have established themselves in the minds of the members of all delegations as being most sincere. In other words, they are known as people who do their homework before they go into the committee rooms.

For all these reasons, it is most gratifying to any Canadian to see the high place that our great country enjoys in the deliberations of this world organization. I would be remiss in my duty if I did not pass on to all hon. members of the House of Commons the gratitude of the various delegations that was expressed to me as a Canadian delegate when the name of a distinguished servant of this House of Commons was submitted for nomination this year. I refer to our Auditor General, Mr. Watson Sellar. As hon. members know, he has been chairman of the board of auditors of the United Nations ever since the organization was formed, and from all accounts he has done a marvellous job. He has contributed in large measure to the streamlining of the organization, and has made it more efficient and less costly. When his term expired this year everyone seemed very anxious that he should continue at his job, and begged that his name be allowed to stand again. Rarely have I heard so much praise for the work of an official; and this too, I think, has contributed to the high place Canada occupies in that forum.

I listened with great interest to the remarks of the hon. member for Peel (Mr. Graydon) and the hon. member for Vancouver East (Mr. MacInnis) yesterday, when they gave their impressions of various conferences they had attended. Perhaps it is because my experience is still fresh and new, but I must admit I was most favourably impressed with the possibility that the United Nations organization might maintain peace in the world, not so much as we see that organization today but rather as we may hope to see it in a few years. Of course, unlike the hon. member for Peel, I was not at San Francisco when the United Nations was born, so I am spared the feeling of more or less frustration which he seemed to experience yesterday.

In our consideration of the United Nations I think it most important to remember that it is a permanent organization. I believe we should always avoid thinking of it as an experiment. We have built this organization, which is now only being completed. As a matter of fact we now have under construction a building to house the United Nations, and there is nothing temporary about the structure now rising in Manhattan, which will cost some $65 million. I hope it will help people consider the United Nations as something permanent.

We have experienced a great many crises of ideologies since the end of the war, and we have seen many movements toward national independence in various parts of the world. If we permit ourselves to think of the organization in terms of one aspect of its work only, or if we attempt to judge it on an immediate as opposed to a long-range view, that could be almost fatal to the organization.

At this stage I think it appropriate to recall briefly the basic premises at San Francisco, as I understand them. I believe the founders of the United Nations agreed that peace could be maintained only by a universal organization based upon a universally accepted charter. They rejected anything less or anything short of that; and they included all major forces at work in all parts of the world. The view held in some quarters that the founders of the United Nations might have contemplated that it would abolish all differences of interest and ideology is, I submit, a fallacy. I do not believe the founders of the United Nations ever contemplated that this organization would end differences of interest or ideology. They never contemplated that the great powers

would always act together in unity and brotherhood. No doubt they hoped and wished for that, but it was not necessarily one of the premises upon which the organization was founded. They did reject the concept that differences could be settled only on the battlefield, and agreed to keep those differences, ideological or otherwise, within peaceful bounds. That, I believe, is the aim and object of the United Nations. So far, I submit, the organization has done that to a marked degree. It is true that it has not succeeded in abolishing the fear of war, but I submit that it certainly has lessened that fear. It has also removed obstacles on the road to a peaceful world.

It was my privilege to represent Canada on the second and fifth committees. I do not wish to take time to explain everything the fifth committee did, but it is the committee that considers financial and administrative matters. Dealing with figures may sound rather dull, but there were certain compensating features. Since most resolutions involving the expenditure of money had to be referred to that committee, we dealt with most of the resolutions that came up for consideration in the other committees. To a newcomer like myself, that provided an opportunity of obtaining a more or less general picture of all the activities of the organization.

Too many people think of the United Nations in terms of the general assembly alone. I know I fell into that error at one time. But after all the general assembly is like our parliament here. When the session is prorogued, the work of parliament goes on. So it is at the United Nations; from the general assembly branch out all the commissions that carry out the policy that has been laid down. So I would recommend that all hon. members read the budget of the United Nations, in order to get a general picture of the activities of that organization. As I said, matters of policy are laid down by the general assembly; then commissions of inquiry are sent to various parts of the world to help nations that have problems and do not know how to solve them. These commissions find the source of the trouble and advise how it may be overcome.

Then there are what I consider to be the most successful of all, the political commissions of conciliation that are to be found in all the troubled parts of the world. They are sent out to try to bring a conflict to an end, or to offer solutions, or to prevent conflicts from arising, and in spite of certain failures I believe they have been very successful so far. The world has every reason to be gratified at the success so far.

We listened to an interesting speech delivered by the member for Lambton-Kent (Mr. MacKenzie), who told us of his experience in China. He emphasized the humanitarian efforts of the United Nations. This gives the members of the house an idea of the efforts of the United Nations in China, and the story of those efforts could be duplicated in many other countries if time permitted.

When we are considering the achievements of the United Nations, I should like to mention two or three. The resolving of the crisis with regard to Berlin has probably gone by with too little notice. Everyone will recall the tension that existed in the world when the four great powers reached a deadlock last year. I remember quite well the feeling of impending disaster which permeated the world. The newspapers were full of gloom. The question was brought before the security council in September of last year. At that time many people feared this question would break the United Nations. Conciliating forces were set in motion, however, and a committee of currency experts set out to break the deadlock by introducing a single currency into Berlin. This did not bring immediate results, but it certainly eased the tension. It reduced the threat of war and gave us the time to set other factors in motion. This resulted in the resumption of negotiations by the great powers after seventeen months of complete stalemate. I believe that the results achieved in this instance alone should make us grateful to the United Nations Organization.

I need not recall the Palestine question to which the minister referred. I believe everyone is quite familiar with it. The creation of a state in Palestine was probably one of the epic events of history, which was achieved without a major war. Then there is the example of Kashmir where a United Nations commission has known great success. Four hundred million people were involved, and they were spared the worst disaster of all, religious warfare.

In Indonesia the United Nations played a decisive part in the effort to secure a peaceful settlement of that dispute, and to secure a peaceful transition to national independence for 70 million Indonesians. More people live in those countries than in all of Europe. This gives one an idea of the importance of these efforts of the United Nations. We must remember that these achievements were accomplished without the aid of any military

forces whatever, because the United Nations does not possess any military forces as yet. It was merely the moral influence of the organization that asserted itself in the various parts of the world.

Is it unreasonable, Mr. Speaker, to believe that if the moral influence of this organization were allowed to assert itself for a few years more it could continue to help the world secure peace? In conclusion, Mr. Speaker, I should like to say it is apparent that the United Nations Organization will serve us only to the extent that we put our faith in it and remain with it through thick and thin.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, up to this moment the debate has been enjoyable, but for anyone who has been listening for the slightest hint of the way out of the world's difficulties, the whole thing has been disappointing. One cannot help recalling the three lines from Tennyson's "In Memoriam" in which he speaks of,

> An infant crying in the night:
> An infant crying for the light:
> And with no language but a cry.

I have not heard a suggestion of any proposal that would have the slightest chance of helping us out of the difficulties which confront us nationally and internationally. I am not in any way disparaging the fine speech the minister gave or the beautiful, sonorous and eloquent remarks of those who participated in keeping the debate on a high standard—but they did little besides that.

There seems to be a general agreement as to what ought to be achieved. Everyone talks about the necessity for having economic co-operation, and the impossibility of solving the world's problems unless we solve the economic problem. No one seems to be ready to venture a guess, however, as to how we might accomplish that thing everyone believes we ought to achieve. This is the general impression I have gathered after listening rather attentively to what has been said.

There are indications that the minister feels earnest enough about the international situation to begin to talk plainly to the people who surround us, including the United States. That is an indication of a sound attitude. I hope the minister will be earnest enough to face a number of unhappy facts which underlie the present lamentable international state of affairs. Unless we do face these unhappy facts it is impossible for us to understand how we got into the position in which we find ourselves or to form any idea as to how to get out of it. These unhappy facts and unsightly truths serve as infection or poisonous irritants that continually fester in the wounds of the world, rendering healing almost impossible.

Let us deal with our perplexities. I do not think the main one is Russia. I believe that our main perplexity is that up to now the Anglo-Saxon race has not shown the elementary common sense to know how to distribute the goods it can produce. That fact underlay world war I and world war II, and that fact is driving us with irresistible force to world war III. One of the most dismaying aspects of all is that one finds it almost impossible to get most people to listen to anyone who may offer a solution.

How did we get into the position in which we are? May I give a sort of historical outline of the onset and development of the disease from which we suffer? In the first place, it must be recognized, and I believe is recognized by everyone in the house, that the nations of the world fall into two main classes, the "have" nations and the "have-not" nations. Between these two classes there is a vast gulf. The requirements of the have nations are altogether different from the requirements of the have-not nations. These have-not nations are in a position in which they must employ all their resources to a maximum. Think of such nations as Greece, Turkey and many others. They usually have difficulty in producing economically. The cards are stacked against them when they undertake to manufacture almost anything you can name. They may have one or two specialties, but nations cannot live on specialties, like the production of currants, raisins or sugar, alone.

These nations have real trouble surrounding them. They must produce as many of their needs as possible. They must trade for many of the necessities of life. They must therefore have adequate markets and adequate potential suppliers of each of the kinds of goods, raw or processed, which they require. This is purely a platitude that everyone recognizes in theory, but no one seems to recognize it when it comes to drafting treaties or to plotting practical world policies.

Then again these have-not nations must protect their home economies as they trade. This is another thing which one would think almost anyone would recognize, but somehow people seem to fail to recognize it when it comes to planning a course for the world to follow during the coming years.

The more fortunate nations have striven to trade for power and profit, not only just the needs of life, the things I have mentioned. The more power and wealth any given nation was able to get, the greater advantage it had in producing goods, in gaining markets and in gaining sources of supply. Because of this fact, any have-not nation in open competition—with non-discrimination flowering in its

beauty—with "have" nations which have had time enough to develop themselves to a position of power and wealth—any such have-not nation is faced with an almost insuperable obstacle, a fact to which I have found little attention given.

Britain expanded industrially from 1845 to 1875. Then she began to taper off down to 1913. This is a fact that I did not always know, but it is a fact which made a tremendous difference in my thinking when I came to know it. Britain's trading policy was based largely upon two main principles. The first one was the gold standard, and the second one was free trade. She rendered the gold standard possible because she did a great deal of foreign lending. I do not propose to elaborate on that statement; it is not here fitting. Free trade worked for Great Britain because Britain was always able to accept goods in payment of any debt owing to her. On the basis of these two main principles she built up a sort of internationalism. This fact in the achievement of Britain has a tremendous influence on the thinking of our people today and so has a vast influence over the problems with which the minister has to cope when he goes down to meet our neighbour nation.

By 1913 Britain had found that powerful competition was developing from Germany, Belgium, Holland, France and various other countries. These nations, all being more or less have-not nations relatively, and finding it necessary to trade in order to get the raw materials they needed, competed really vitally with Britain. The time came when there were not enough markets in the world to supply the needs of all these nations. When the world reached the point at which Britain could no longer find enough markets for her goods to enable her to sell all of her production and get all her needs in respect of raw materials and foodstuffs, then Britain was facing danger. World war I broke out within one year of that time.

I suppose one would not be too unkind if one said that, fundamentally, world war I was the result of commercial rivalry between Britain and Germany. After world war I, I found that there seemed to be little discussion of the implications of that fact. People gradually got to the point where they did not hesitate to say that fact was what caused the war, but they did not do any thinking about what ought to be done because of it.

Several important changes in the world's economy took place as a result of world war I. Everyone knows that Great Britain no longer was the world's creditor nation after world war I, and that the United States became the world's great creditor nation. But the United States refused to accept goods in payment for debt. This was a matter of enormous importance in its impact on the world's affairs. It is one thing to buy machinery, for example—in the case of Argentina, we will say—from a nation like Britain and to contract a debt with a nation like Britain, when we know that Britain will accept any goods we produce at a reasonable price in payment of the debt. But it is an entirely different matter to contract a debt with a nation like the United States which is quite as likely to refuse to accept any goods we might produce and offer in payment of the debt. Hence the fact that the United States became the world's great creditor nation, and refused to accept goods in payment of debt, resulted in an epoch-making dislocation in the world. From that dislocation the world did not recover even until world war II, and it is further still from recovery at the present time. Anyone who does not keep that fact constantly in mind, in facing the external affairs of this or any other country today, is overlooking one of the most vital aspects of the whole set of circumstances surrounding the problem.

Then during world war I, and especially right afterwards, there entered other potent factors that modified vastly the whole international set-up. In the first place there came into use huge machines, tremendous amounts of power, and technological skills never known before. For example, the United States learned how to make dyes and chemicals which she had not known how to make before. That had a cogent influence on the whole world's position, little as it might seem that such would be the case. From these three elements there resulted unprecedented production from natural resources, and a substantial increase of resources.

People began to learn how to make one thing out of another: fountain pens and combs, for example, out of skim milk. That increased the world's resources. Technological skills were playing a compelling part. Then there was the imminence of unemployment caused by the displacing of men by machines and power. You could not have all these elements entering into the world economic body without causing some sort of malady. What sort of malady would you expect? What sort of anti-body would you give the patient to offset the ill effects of these disturbing factors?

As a result of these three new forces, or new factors, there developed a widespread shortage of purchasing power in the hands of consumers, not only within any nation but among the nations. From this time forward

nations were struggling for trade, not only for the things which had activated them in their struggle for trade in former times, but for two new reasons: Firstly, to export their unemployment and dump it on their neighbour's doorstep, that is, to give their own people jobs at the expense of the people having jobs in other countries; and secondly, to put purchasing power into their people's hands. There had not been very much need of doing that before world war I. But these two reasons for trade had a profound effect on international affairs. The situation was becoming more dangerous day by day, and every new machine that came into use, every new means of using power, every new technological skill aggravated the situation.

Then came world war II. The world was a very sick world before world war II. Somehow or other thinking people have assumed that all they needed to do was to fight that horrible conflict and the world would come out a well world. I see no reason why anyone should make such a stupendous blunder in thinking, but such a stupendous blunder seems to be common.

As a result of world war II there were machines of a still vaster quality, power in even greater abundance, technological skills all undreamed of in proportion and variety until Dr. Charles A. A. Stine, in 1942, if I remember correctly, could tell a conference of chemists in Great Falls that since 1940 the world had discovered whole new continents of material; that we had between ten and a hundred times as much resources today as we had in 1940. This is a fact which is not given sufficiently careful consideration in assessing the situation confronting us and the world.

As everyone knows, the United States was greatly strengthened during the conflict of world war II. But every other nation except Canada was greatly weakened. Britain was seriously weakened. Somehow or other the American people, and somehow or other many Canadian people, seemed to think that Great Britain should be able to stand right up and go romping back to where she was before 1914. Many people seem to think that if anyone expresses concern with the welfare of Britain he must be an imperialist, not a Canadian, and so on and so forth, not stopping to realize that the welfare of Canada vitally depends on the welfare of Great Britain and her ability to buy our goods.

At the close of world war II, after the world had been carefully conditioned, especially the American part of it, there was an attempt to impose internationalism upon the world. This attempt was made by the United States through the United Nations organization and the Bretton Woods agreement. I do not propose to go into details concerning either of these, but I will back up either or both of these two statements to the limit against anyone in the house or outside the house if we can get in committee where I can have the right to give evidence to prove my point. There was a definite attempt through San Francisco and the world organization to impose internationalism on the world. The attempt was made at the instigation of the United States fundamentally and primarily. I do not wish to find any particular fault with international organizations, but I pointed out very definitely on the floor of the house in the spring of 1945 before San Francisco just exactly what was in the wind; and exactly what I said was going to come to pass did come to pass.

An attempt was made to bind all nations to the gold standard and unconditionally to the most favoured nation clause through two documents or two treaties. The gold standard was to be established by the Bretton Woods agreement and the unconditional most favoured nation clause through the international trade organization; but they did not call the unconditional most favoured nation clause by that unsavoury name. They called it by the euphemistic title of non-discrimination. The re-establishment of these two principles—the gold standard and the unconditional most favoured nation clause, in a world where the United States, as the chief creditor nation and the strongest nation of the world, refused to accept goods in payment for the goods which she sold—put every other nation except Russia in worse than an international and economic strait-jacket so that conditions were more difficult for every other nation than they had been in the whole history of the world.

Then another exceedingly important matter that must never be overlooked is this: Wherever we turn, whenever we listen to an hon. member speaking on the floor of the house or to any statement that someone like our good Minister of Finance (Mr. Abbott) makes when he returns from Washington or leaves Washington and wants to say something really clever, everywhere we turn we find those historical causes affecting the thinking of the people who are talking. Some of the most absurd things have been said during the last two months by prominent United States officials. Perhaps I shall examine this matter at some future time. I hardly think tonight is the appropriate time.

As a result of the way Great Britain developed, with the peculiar set of circumstances which accompanied her development, certain misconceptions have become fixed in the thinking of Anglo-Saxons. What are some of these? First the value of free trade. People have had the idea that because free trade worked for Britain then it must work anywhere and everywhere. Thus you find people rising and talking about free trade with the sort of religious fervour that one would hardly expect to be attached to anything except the Divine. Great Britain grew great under free trade. That is so. But what were the particular circumstances in which Britain found herself? May I name a few? Britain was a manufacturing nation primarily and fundamentally, with a very large population. Canada is not primarily and fundamentally a manufacturing nation; neither was the United States until recent times. Why should they expect free trade to work for them because it worked for Britain? Again, Britain had foreign investments, and was in a position to reap the rewards of foreign investments. She could receive any kind of raw material coming from any nation in which she had foreign investments. That is no sign that Canada could make foreign investments, let us say in the Argentine, and find them profitable. That is no reason why Canada should necessarily be able to accept goods which the Argentine may offer to pay for the interest on her foreign investments.

Again, Britain had a great carrying trade. Her people went down to the sea in ships in great numbers. Again, Britain was the world's banker. And she neglected her primary producers. All hon. members I believe have read about the corn laws and the great struggles which went on when the primary producers of Britain were trying to get themselves into a position in which they would not be sorely threatened by a tremendous amount of primary production coming from abroad because of a free trade policy. Canada has not the same attitude to her primary producers, and neither has the United States. Britain had an extensive empire from which she derived inexpensive raw material. She disregarded the welfare of her labourers in a way which the United States does not dare do—and which Great Britain does not dare do today. She paid them badly and she exercised rigid discipline over them, with the result that she could keep down labour costs. All these things entered into determining whether or not Britain could find it profitable to engage in free trade. Then she had great skills, attained through generations of traditional "know-how," as we call it today. Therefore she could afford to bring in all kinds of things from the outside. She could produce any manufactured article as cheaply as any other nation in the world could produce it, and therefore she had no fear of manufactured articles competing with her own in her own markets as she has today, if she is facing open competition with the United States. There was no other nation on the face of the earth which could afford to admit all imports duty-free, as Britain could, and this was because of these many different reasons I have mentioned.

Hon. members who have given some thought to the rise of Germany until the time of world war I, and the spectacular rise of Germany within a few years under Hitler, will remember that she sought to bring about, in her surroundings, circumstances which were similar to those which had been around Britain during the days of Britain's rise to power.

Certainly the United States, the present world creditor, cannot afford to import goods of every kind from all parts of the world, and she knows it. She therefore takes care of the matter by erecting tariff restrictions and import restrictions of many kinds.

So much for the first great misconception which has come into the thinking of the Anglo-Saxon world as a result of traditional information handed down, based upon the great period of development of Britain between 1845 and 1875. But we must not approach the problems of today with the same conception of free trade that Britain had in 1880, although many of us do.

There is another misconception, namely the necessity for a gold backing for money. When the British went off the gold standard about 1931 I am sure many of them thought that quite probably the planet would slip right off its axis. They were terribly upset —but they got along all right. There is no need for gold backing for money, and we all know that now. We do not hear any more than three or four persons in the house suggesting the need for gold behind our money. We know better today.

Another misconception is that state-created money, created debt-free, is unsound. That misconception afflicts virtually every member of the House of Commons today. It is a complete misconception. Because of it we are handicapped painfully and seriously in our day when we attempt to deal with the problem of distribution.

Another misconception we have inherited is as to the unsoundness of economic self-sufficiency—sometimes called economic nationalism. There are many people who think we can afford to let our textile industry go by the board, for instance, in order to be able to sell automobiles. But that is not sound economic thinking. A nation is much better off when it can produce most or even all it needs.

All of these misconceptions help us to see how it is we have got into the peculiar tangle of difficulties both material and mental which almost hamstring us today.

What is the solution? Doubtless the minister knows what I am going to say. However, I am going to say what I think needs to be said. I am going to go further, and say that unless those things I shall say within the next ten minutes are realized here we shall have plenty more difficulties.

I wonder if the minister is willing to give careful consideration to the opinion of certain respectable thinkers concerning the problem which besets us and the measures which are advisable to solve them—at least in part. May I bring to his attention a very important document, to my mind one of the very greatest documents in our possession in the world today. It is called "The United States in the World Economy". The information contained on the flyleaf states:

> The United States Department of Commerce; Jesse H. Jones, secretary; Bureau of Foreign and Domestic Commerce, O. P. Hopkins, acting director.
>
> The United States in the World Economy; the international transactions of the United States during the interwar period. Prepared in the international economics and statistics unit by Hal B. Lary and associates, with a foreword by Wayne C. Taylor, under secretary of commerce.

That sounds rather respectable, does it not? Then it states that it is published in the United States of America by the government printing office at Washington, in 1943, and reprinted by His Majesty's stationery office in London in 1944.

May I read the first two paragraphs of the foreword which, by the way, contains the recommendations and conclusions of the committee. If the minister has not read them, then I commend them to his most careful attention. It states:

> The United States in the world economy represents the culmination of more than twenty years of research by the bureau of foreign and domestic commerce on the balance-of-payments and international-investment position of the United States. The bureau's first statement in this field appeared in 1923 and was followed by annual bulletins and numerous other studies until publication of international trade and financial statistics was suspended for security reasons.
>
> This study offers a comprehensive and authoritative analysis of the international transactions of the United States from the end of world war I to the beginning of world war II. Because of the endless ramifications of the subject and the innumerable refinements of statistical data that might be made, a study of this type is never finished. Publication at this time is prompted by the timeliness of the analysis.

It looks as though there should be something quite worthy of consideration in this booklet. It has a tremendous bearing on the external relations of every nation on the face of the earth, including Russia. And I would not be surprised if Russia knows more about what is in this document than most of us do.

May I read six short excerpts from the foreword which indicates the kind of thing this committee thinks is necessary to cope with the problem confronting us. At page vi it states:

> The functioning of the American economy as a whole presents some of the most baffling problems. On the solution of these problems, through maintenance of a high and reasonably stable level of economic activity in the United States, the interests of this country and of other countries are most clearly and indisputably united.

This serves to indicate that the chief problem we face is the economy of the United States, not Russia. It continues:

> A world economic structure organized on the basis of equal treatment and with large scope for free enterprise cannot be maintained in the face of such reductions in the supply of dollars as have occurred in our international transactions in the past.

During the Bretton Woods debate and during the United Nations debate we constantly had it stressed for us that we had to have an expanding economy. I can still hear those sonorous words. Yet an expanding economy, according to this committee, is quite impossible unless there are certain guaranteed conditions within the economy of the United States and in a lesser degree in Canada. Strangely enough little attention is paid to that committee! I quote again from the same page:

> Unless dollars are made available with greater regularity than in the past, it would be both unjust and unwise to demand the removal of restraints and controls largely designed to protect the internal economies of other countries against external shock and pressure.

Notwithstanding the solemn words of that document officially handed to the United States administration in 1943, the United States jammed Bretton Woods upon their own country and upon the world, Canada included, and attempted to jam upon us the Geneva and Havana trade agreements and the ITO, directly contrary to the recommendation of this committee.

Where can these extra dollars which are mentioned come from? Can they be raised by taxation? I submit that any attempt on the part of the United States so to raise the funds

necessary to accomplish the objectives which are suggested in these three recommendations would be utterly suicidal. The only possible means whereby the United States can obtain the dollars is by dollars being created debt free by the state, much as they did with greenbacks in Lincoln's day. The minute a person mentions that, all the wise men from the Minister of Finance (Mr. Abbott) and the Prime Minister (Mr. St. Laurent) right on down smile superciliously. I am not saying they have that smile now.

Mr. St. Laurent: We still have.

Mr. Blackmore: The important thing is that, if this is the only possible means, then the person who smiles superciliously about this suggestion is one of the greatest enemies of his country as well as of other countries of the world. That is talking very plainly, but it says exactly what I mean, and I think the future will bear me out. I hope we do not experiment until we have to learn by bitter experience in the future.

I should like to turn now to page 5 of the foreword and read three more excerpts.

> The conclusion that emerges most emphatically from the survey is the fundamental importance of maintaining conditions conducive to a more stable and ample flow of dollars in our transactions with other countries.

Where are the dollars going to come from? Dollars in sufficient numbers to accomplish the objectives simply cannot be raised by taxation. The nation simply could not stand it. Again may I read:

> The most essential of these conditions lies not in the field of foreign economic policy as such but in the attainment of a more fully and more smoothly operating domestic economy—the major determinant of the volume and course of our purchases of foreign goods and services.

I do not propose to discuss that because I have not the time, but there is much food for thought there.

> In addition, a more adequate supply of dollars should entail both a freer flow of imports and a renewed and sounder participation of American capital in international investment.

The astonishing thing is that no attention seems to be paid to this matter of dollars. We all talk about how we have not got United States dollars. Great Britain cannot get Canadian dollars, but we do not seem able to think of any way to let them have Canadian dollars. We seem to think we ought to be able to take their goods, that they should be able to sell them to us for dollars. I do not think that is what is in the minds of the people who made these recommendations.

The question will be raised: where is the money coming from? I have indicated where it would come from. The other day I read into the record something which I am going to read once more. May I suggest for the sake of the minister that he tell his department to work on the real solution of the problem, and that he read a little book called "Economic Tribulation" by Vincent C. Vickers, published in 1939. He not only needs to read it; he should also sleep with it until it becomes a part of him. Let me tell him that as far as I can see, and I believe it can be supported completely, the only possible solution to the difficulty confronting us lies in the suggestion contained in that little book. If ever any people were in economic tribulation, we surely are, nationally and internationally.

May I read the statement which I put on the record the other day? It was made by the Right Hon. Reginald McKenna, chairman of the Midland Bank, and a very important official in British financial affairs. In his report to the shareholders of his bank, as recorded in the *Times* of January 30, 1936, he uses words which ought to be very comforting to everybody concerned, including the Minister of Finance and the Prime Minister. These words are:

> Additional currency, however, can now be furnished by the authorities, if they choose to exercise their powers without reference to the central bank's holding of gold. Thus the nineteenth century, which brought into general use a means of payment hitherto scarcely known outside London, brought also the machinery whereby it could be subjected to intelligent control.
>
> We learned that a shortage of money may be just as vicious in its effects as an excess, though deflation has still a touch of virtue about it in the minds of many people. Nevertheless it is becoming more and more widely recognized that greater productivity calls for an increased supply of money, for otherwise prices will fall, business will stagnate, and the growing productive capacity will be unused.

If he did not give the answer to the question that arises in our minds, in the light of the recommendations of this United States committee, then it will require a great deal of careful explanation to prove that he does not.

I think it would be inadvisable for me to occupy any more time. There are a good many other things I should like to say but probably there will be other opportunities.

May I say in closing, however, that I agree with the minister that there is hope. A good many hon. members who have taken part in the debate have expressed hope. I agree with them, but we cannot have things work out well unless we use the right methods to get them to work out well. I do not think it will be fitting for us to stand by and wait for the divine powers to do it for us. The divine powers have blessed us with brains and we are expected to use them.

If the world were unable to produce abundantly it would be a different thing, but the

world is able to produce abundantly all the goods that all the people of the world can use. The only thing that is wrong is that we do not use the right method of distribution. Distribution is a man-made mechanism and by man can be changed. We can produce abundance. We have abundant resources in the world. We have machines of undreamed-of efficiency and capacity. We have skills developing minute by minute so rapidly that we hardly dare allow them to be known among men. We have power developed so rapidly that we are bewildered. We have gasoline, electricity, coal, gas and now the atomic bomb. I do not suppose there is a member of the house who dares face the possibilities of what would happen if we began to use atomic power to the fullest degree in industrial production—what it would do in the way of producing abundantly and turning men out of employment. But it is there; it is an evidence of the productive capacity of the world.

There is no need for socialism. There is no need for a taxation structure that discourages production. There is no need for it at all. I have not time to go into it here but I will when the time comes. There is no need to destroy incentive by taxation or by production costs such as railway freight rates, and so on, and by too few markets. There is no need for all these things. There is no need to sacrifice Canada's sovereignty. So many people seem to believe that if we can only get rid of our sovereignty we shall be all right. What would have happened to us if we had lacked our sovereignty when the Minister of Finance found it necessary to impose the austerity program upon the United States? We would have been in a very cold world if we had lacked our sovereignty to enable us to take that measure. Well, there are plenty of other problems we shall require our sovereignty in order to solve. The British commonwealth works together wonderfully well with complete sovereignty in all parts of the empire. In world war II, after the imperial conference of 1926 and the Statute of Westminster, which made us autonomous, the commonwealth worked just as well as it had worked in world war I. What virtue can there be in lack of sovereignty?

I suggest to the minister—and before suggesting it I urge that he obtain an absolutely authentic treatise on the principles of social credit—

Some hon. Members: Oh, oh.

Mr. Blackmore: Here we are again with all the silly laughs. People who, to save their lives, cannot tell you what to do about the problems of the world can ha-ha like a lot of cackling hens at the mention of something which might contain the solution. Until we change our attitude toward these new things there is not the hope for us that there should be. I suggest to the minister that he and his department become entirely proficient in the theory of state-created money and how to use it to solve the problems, national and international, that surround us today.

Mr. Pearson: Mr. Speaker—

Mr. Speaker: I must inform the house that if the minister speaks now he will close the debate.

Hon. L. B. Pearson (Secretary of State for External Affairs): The debate I am now closing has been, as I think all hon. members will agree, illuminating, constructive and helpful, and also conducted on a very high level of non-partisanship. During the debate some generous things have been said about the department over which I have the honour to preside at present, and about myself. So far as I am concerned, though I am a comparatively new member of the house, I am very fortunate in the friends that I have here, and I thank them for what they were good enough to say about my work.

I am fortunate also in the fact that the external policy of Canada, in its principles and objectives, to the extent that any policy can be in a parliamentary system of government is non-partisan in character; and of course I am the beneficiary of that happy circumstance. I think it makes my job, at least so far as parliament is concerned, much easier than that of any of my colleagues.

As far as the department is concerned I should like to echo the good things which have been said about it. I agree also with the hon. member for Peel (Mr. Graydon) when he remarked that we should not get too complacent, that, if we have accomplished anything, we should cultivate the healing virtue of humility. I agree also that in the growth of our international activities through the department we should not make the mistake, as the hon. member for Peel put it, of trying to keep up with the "international Joneses". I can assure him, if assurance is needed, that we do not do that; in our department we merely try to keep up with our international responsibilities. That, I think, is as far as the Department of External Affairs should ever want to go. In that sense we have expanded in recent years. The hon. member for Peel referred to our "mushroom growth". That is true, in the sense that we have grown quickly. We now have thirty-three diplomatic missions in other countries; but I would point out that there are more than forty diplomatic missions in this country, so I do not think we have expanded beyond our responsibilities. The hon. member

for Peel also suggested that we must not run wild on expenses, and I quite agree. We are trying to run our department on a business-like basis, and at the present time are making changes in our organization that we hope will make it more efficient, more businesslike, and of greater service to the people of our country. If we ever had any temptation to run wild on expenses, the appearance of our representatives before the committee on external affairs would always be a salutary check in that regard, to say nothing about our own Department of Finance and the treasury board.

In addition to the question of growth the hon. member for Peel also mentioned the question of recruitment, the type of people we are getting in the department. Well, we have tried to recruit our officers from all groups in Canada. It may be that at the present time we have not as many representatives of certain occupations as we should have, but I would point out to him, and to other hon. members, that we take young men into our department after competitive examinations. Whether they come from agricultural colleges or arts colleges or any other kind of colleges, we do not mind. We do not examine into their background in that sense. We have been fortunate, I think, in the type of men we have been able to secure, and I should like to pay tribute to them. Of course in the development of a young service it takes time for the young men to reach the top positions, so it is true that at the present time some of our missions are headed not by career men but by men we have brought in from outside, very often at considerable sacrifice to themselves.

In what I thought was a very constructive speech this morning the hon. member for Eglinton (Mr. Fleming) expressed the hope that we would recognize our career men by giving them top posts in the service. We do that. Of our present missions, sixteen are headed by career men who have risen through the ranks in the Department of External Affairs and four by men who have joined our department from other branches of the public service. It may be of some interest to hon. members if, as an example of our desire to recruit our officers from all parts of Canada, I say that of the twenty-four most senior posts in our service, ten are filled by men whose mother tongue is French. We try to build up our service not only as representative but as bilingual.

During the course of his remarks the hon. member for Peel mentioned the representation of other parties on Canadian delegations at international conferences. He has himself been a very effective representative of Canada at more than one such conference. I agree that we should do what we can to keep our foreign policy as much as possible on a non-partisan basis; but under a parliamentary system of responsible government, in our actual representation at international conferences it is not easy to reconcile that kind of government with the inclusion of representatives from opposition parties. The difficulty, of course, is that full membership on delegations by representatives of other parties might limit their complete freedom of action, by placing them in a position where they would have to share responsibility for decisions taken. I am not sure, however, that we cannot accomplish the purpose we have in mind by attaching representatives of other parties to our Canadian delegations, on suitable occasions, as parliamentary advisers. We have done that in the past, and it has worked out quite well. Possibly in the future it may be well to try it again.

Insofar as the growth of our external service is concerned, and some reference has been made to that by various speakers, I should like to mention that during the last year the number of people in our department at home and abroad has increased only from 1,213 to 1,248. We are doing our best to keep our numbers and our expenses within limits.

During this debate the member for Peel (Mr. Graydon) as well as other members have mentioned the desirability of providing the people of Canada with all possible information as to our external policy—what we are doing and why we are doing it. I agree with them entirely as to the importance of this responsibility. In a democracy foreign policy must be based on intelligent public opinion. Public opinion will not be intelligent unless it is informed. It will not be informed if the government does not take the people into its confidence in this field to the greatest possible extent.

I noted in his statement—I hope I am not doing him an injustice—a feeling that we were not doing as much as we should in this regard. To support that feeling the hon. member made reference to an article by a prominent newspaperman which was critical of the information activities of this department. I agree that not very long ago it may well have been that the information activities of our department and our facilities for informing the people of Canada on external affairs were not as extensive as they should have been. I would however inform the house, Mr. Speaker, that it was not very long ago that we wound up the Canadian

information service and initiated the establishment of an information division in the Department of External Affairs. It was inadequate for the job it was supposed to do, not in quality but certainly in quantity. We cut down to the very bone, so we were not able to do all the things we would have liked to have done. We are building up on that foundation and have reached a point, I think, where we are doing a better job than we were a few years ago.

I would not plead guilty—I am not suggesting any charge has been levelled—to the charge that we have defaulted in this obligation to keep the people informed as to what the government is doing in the field of external affairs. I have in my hand a report of the documents that are issued by the department in an effort to inform those who are interested in what we are doing. The annual report of the Department of External Affairs is now a comprehensive document. The annual report of the United Nations' activities is also a comprehensive and useful document outlining government policy. In addition to that the department has commenced the publication of a monthly bulletin on external affairs which includes articles, memoranda and other information explaining the policy of the government in this field. I have no doubt some hon. members have had an opportunity of reading that bulletin. In the recent issues we have attempted to explain not only what we have been doing but why we have done it.

That is one thing, but it is quite another thing, Mr. Speaker, to indulge in what I may call house-top diplomacy. There is a danger in prematurely making public the difficult, delicate and confidential negotiations between our government and other governments. I believe a good example of how that sort of thing should be conducted can be found in the negotiations leading up to the signing of the Atlantic pact. Long before that important pact was signed the government took various steps, through public statements of one kind or another, to inform the people of this country of the purposes and principles of government policy in respect to this matter. This was done while the discussions were under way in Washington. As I see it, however, it was neither necessary nor desirable to keep the public informed on the day-to-day details of those negotiations. There has to be a certain flexibility in these matters, and that flexibility would be lost if the press knew every detail of the negotiations every day.

Quite often one has to take a position in the morning which may have to be abandoned the next day. As I have said before, it is difficult to abandon a headline, and anything that is made public in the morning becomes a headline in the afternoon. The type of diplomacy, if I may put it this way, of publicity for the principles and objectives, publicity for the policies in broad outline without making public the confidential details of the negotiations, seems to me to be best designed to reconcile the efficient conduct of diplomatic business with the desirability, indeed the necessity of the people knowing what is happening when it is happening. I hope that in the future the Department of External Affairs will be able to discharge that responsibility to the public and to parliament.

There have been a good many questions raised in this debate, Mr. Speaker, and it is my duty to do my best to answer them. If I may, I shall answer them more or less in the order in which they were submitted. An extremely important matter was touched upon by the member for Peel and the leader of the opposition in their references to the use of atomic energy for peaceful purposes in this country. It was suggested that possibly the industries of this country were not being given the same facilities, the same information or the same assistance by the government in regard to atomic energy as the industries in the United States. That is an understandable preoccupation, but I can set it at rest because I am in a position to state that there is no agreement or understanding between the Canadian and United States governments which limits the information available to Canadian industry to any greater extent than it is limited in the case of United States' industry.

It is true that we do consult with the United States and United Kingdom governments on the release of information, and discuss with them the maximum extent to which information can be made available in the three countries consistent with joint security. The necessity for secrecy which was mentioned in the statement made the other day by the president of the research council, Dr. Mackenzie, to which reference was made by the member for Peel, arises of course from the fact that the material of atomic energy is the same whether it is used for peaceful or warlike purposes. Naturally, that factor has to be taken into account by all governments in their release of information to industrial concerns, but the secrecy requirements in this regard are the same in all three countries. While it is true that the United States has turned over to private industry the operation of certain of its atomic energy plants which are operated on a commercial scale, the information gained from the operation of these plants is no more widely disseminated to industry in the United States than it is to industry in Canada. The

Canadian government has already called industry together to point out the commercial uses of radioisotopes that are now available from Chalk River. It has offered to train men from industry in the use of such isotopes and for a period of one year has offered to supply radioisotopes to industry without cost. Several Canadian industrial firms are already taking advantage of this offer.

During the debate a good deal of attention has been devoted to questions which concern the Far East and the Pacific. We have had some interesting statements devoted to that part of the world. I was particularly interested in listening to the statement of the hon. member for Lambton-Kent (Mr. MacKenzie), with whom I was once associated in UNRRA activities. I can assure those members who have expressed some concern at our alleged lack of interest in Pacific problems as compared with our absorbing interest in north Atlantic and European problems—and I am thinking more particularly of the hon. member for Vancouver-Quadra (Mr. Green)—that there is on the part of the government no such lack of interest in the Pacific.

In his remarks the hon. member for Vancouver-Quadra and, I think, another member as well, referred to certain talks that the press had reported as having recently been held in Canberra. They both expressed some interest in the fact that Canada had not been represented at those talks.

Mr. Green: I mentioned Singapore.

Mr. Pearson: There was one reference to recent talks in Canberra. The Singapore talks took place some months ago. The Canberra talks to which the hon. member made reference took place only a few days ago. The reason we were not at those talks is, of course, that we were not invited to them. That statement is not as drastic as it may sound because our information is that the talks were informal ones arranged in Canberra by the Australian minister for external affairs with the New Zealand deputy minister of external affairs and an under secretary from the United Kingdom foreign office in charge of Far Eastern affairs who happened to be in Canberra at that time. No formal conference of any kind as far as we know took place.

The hon. member for Vancouver-Quadra also asked the government whether they proposed to take part in the conference of commonwealth external affairs ministers which has been called to meet in Colombo, Ceylon, in January. I had already intended to speak on this matter because it was only today that it was agreed among the governments concerned that publicity could be given to it. I am in a position to tell the house that we have received from the prime minister of Ceylon an invitation to attend the conference in question.

It will be recalled that about a year ago, in the report of the meeting of prime ministers in London, reference was made to the desirability of having meetings of commonwealth ministers of external affairs from time to time when the situation seemed to warrant such meetings. The government of Ceylon has called this meeting, and the government of Canada is, of course, happy to accept the invitation to participate in it; it is particularly happy because of the fact that the meeting will be held in the newest of the independent nations that make up our commonwealth. We are particularly glad that this meeting will take place in an Asian dominion and that in that sense it will reflect the importance of the new Asiatic members of the commonwealth.

The government will be represented by a minister. It has been suggested that that minister should be the Secretary of State for External Affairs. But that particular minister has been away a good deal in the last two or three months; and although there is nothing he would like better than to spend the month of January amidst the balmy breezes of Colombo, I am not quite certain at this time who will be the representative of the government. I may not be allowed to go.

The conference in question, as I understand it, will deal with external affairs of general interest to the commonwealth and will not confine its activities to Pacific or Far Eastern questions. Nevertheless, a Canadian representative at this meeting will be willing and anxious to participate in that part of the agenda because we appreciate the importance of Pacific questions, especially at this time.

The hon. member for Peel (Mr. Graydon) said that the puzzled and confusing Chinese picture should be unveiled. It may be that we shall be in a slightly better position to unveil that picture after the conversations that we shall be having in Colombo. I can assure him, Mr. Speaker, although I do not think the assurance is necessary, that it is a puzzled and confusing picture, and it is difficult indeed to unveil it at the present moment so that any recognizable features appear. In my statement yesterday I attempted to underline some of the principles that governed our policy in regard to that part of the world, and I do not know that I can go much further at this time than I went yesterday. I should like to mention one thing, though, because reference was made to it in

this debate. I can assure the house that no pressure of any kind from any quarter has been brought to bear on the Canadian government to recognize or not to recognize the communist government of China.

Reference has been made to the possibility of a Pacific pact to parallel the Atlantic pact, and I was asked if I could express the policy of the government in this respect. I can only say, as I believe has been said already, that it is not possible to draw an exact parallel between the two situations. The countries of the north Atlantic were ready for a security pact. All the countries concerned, with the possible exception of one—and reference has been made to that this afternoon—were all anxious to join such a pact and there was no difference of opinion in regard to the principles of such a pact. But that is certainly not the situation in the Pacific at the present time. Those countries which are at least as concerned as we are in Pacific matters—and I am thinking of Australia, India and the United States—have all stated, through their responsible representatives, that it would be premature at this time to attempt to negotiate a Pacific pact. That being the case, I think we would be making a mistake if we tried to press ahead with this matter at this moment.

Questions were also asked as to our policy in regard to Japanese political developments and trade with China. With regard to the former, as I said yesterday, I think that the governments concerned should press ahead with the Japanese peace pact and that all of us, individually and collectively, should do all that we can to strengthen the building up in Japan of a democratic government that will be a centre of peace and stability in that area. But there are times when I feel—and I have attempted to express this opinion before—that we should be careful to recall that it was not so long ago when the menace from Japan seemed almost as terrible as the menace from other quarters in the Far East seems at the present time. And we should not lose sight of what might be an ultimate danger because of the immediate danger that is ahead of us. Therefore when we are encouraging the rehabilitation and reconstruction of Japan let us make sure that we are helping to build up a democratic peace-loving Japan.

As far as trade with China is concerned, Mr. Speaker, there is no argument on that score. Nothing can be more important to Canada than building up trade with the Far East, including China; but one essential element in the development of trade with the areas over which the writ of the communist government now runs is to establish some kind of contact with that government. So naturally the promotion of trade is part of the problem of our relationship with the communist government in China, and the two cannot be separated.

In some of the statements that have been made in this debate, Mr. Speaker, reference has been made to the European situation and certain questions have been asked of me in that regard. Some of these speeches have filled the gaps in my own statement of yesterday morning, and have added, I think, very materially to the information of the house with respect to European problems. The hon. member for Peel (Mr. Graydon) said that in my statement it would have been helpful if I had said more about the situation in western Germany and western Europe. I agree it would have been helpful if I could have said more. Although I spoke for quite a long time, I admit, Mr. Speaker—and in fact I stated at the beginning—that there were serious omissions in my statement. I did not say very much about western Germany or indeed about western Europe. I did say, however, and I should like to repeat it, that we welcome the establishment of a federal democratic government in western Germany. We hope that it will soon be able to extend its jurisdiction over a united Germany. The development that has taken place already has a bearing, of course, on the German peace conference. It looks now as if the possibility of holding a peace conference for the whole of Germany is more remote than it was a year ago. This is of course due to the split in Germany itself, and the difficulties at the present time of establishing a *modus vivendi* with the Russians which would make possible the healing of that division. Meanwhile we have the western federal state of Germany which has become a going concern. We are recognizing that development by planning to establish very shortly a mission to represent Canada at the capital of the state, which is Bonn. We will for that purpose be appointing, as head of our mission to Bonn, the official who is now the head of our military mission in Berlin. This change in the situation in Germany will make it possible to reduce the mission in Berlin to the status of one or two officers.

Reference was made also by certain speakers to the position in regard to the German and Austrian peace treaties. I have mentioned the German peace treaty. So far as the Austrian peace treaty is concerned it looked a few weeks ago as if substantial progress had been made and that an Austrian peace treaty might soon be worked out by

the four great powers. But there are still difficulties in the way, and these difficulties seem to revolve around the impossibility of the U.S.S.R. on the one hand and the other three states on the other hand getting together over the difficult question of reparations.

A more important point, I think, was mentioned by the leader of the opposition (Mr. Drew) this afternoon, and was touched on by other hon. members in other statements, when I was asked to clear up the question of our commitments under the North Atlantic pact. I stated in my remarks yesterday that we did have such commitments, and I repeat that statement now. However, it was pointed out this afternoon that my colleague, the Minister of National Defence (Mr. Claxton), in a statement in this house the other day had said that we had no commitments under the North Atlantic treaty. There might, therefore, seem to be some contradiction in these two statements; but I submit, Mr. Speaker, that there is no such contradiction. When the Minister of National Defence was speaking in the debate to which reference has been made it was quite clear, at least to my mind after reading his statement, that he was referring to the military aid commitments which result from the implementation of the treaty. That seems to me to be clear from a reading of the paragraph in question. If I am in order, Mr. Speaker, I should like to repeat what the Minister of National Defence said at that time. He said, as reported at page 1698 of *Hansard*:

> It is perfectly clear that we have no commitments whatever under the North Atlantic treaty. The organization under the treaty has just been set up. The regional groups have been organized and the appropriate officers and representatives of the various governments concerned are considering what should be the various strategical plans and requirements.
>
> This is expressly dealt with in paragraph 12 of the statement I gave, in which I said:
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> "It is still too early to spell out the consequences of the pact in terms of men and dollars."

What I was referring to when I said we had commitments was the political commitment which we undertook in signing this pact and that commitment, of course, stands and is accepted not only by the government but I think by all hon. members. That political commitment is to come to the help of any member of the alliance if that member is the victim of aggression. We accept that commitment. It is a commitment for the defence of Canada, by coming to the help of our partners in the alliance if those partners should be attacked. That is a political commitment which we undertake. How that commitment shall be worked out, though, is another matter.

Yesterday when the hon. member for Peel was speaking he mentioned the fact that no details had been given the house or the country in regard to that particular commitment. But I would point out to him and to the house, Mr. Speaker, that it took us nearly a year to work out the political commitment which I have mentioned, and we have only just begun to work out the plans which constitute a military commitment under the treaty. We have signed the treaty; we have laid the basis of the organizations required under the treaty. There remains to be worked out the contributions which each government shall make in carrying out these political pledges, these contributions to be effective once the aggression has taken place and is recognized as such by the members of the alliance, including Canada. This development of the treaty has just begun, and it will take some time to work it out. Therefore it will not be possible to know exactly what are our military undertakings and our military commitments until that development is completed. I think that if it is clearly understood, Mr. Speaker, that I was talking about the ultimate political commitment in the treaty and the Minister of National Defence was talking about the military undertakings which we may have to take in order to discharge our political commitment, it will be clear that there is no contradiction in the two statements.

Many references, Mr. Speaker, were made during the debate to the United Nations and our policy in regard to the United Nations. I would merely like to repeat in that regard that our adherence to this organization remains the cornerstone of our external policy.

We are having difficult times at Lake Success. It is not easy to make the United Nations the effective organization for peace we all hoped it would be. One evidence of these difficulties is that we have had to work out regional arrangements not outside of, but supplementary to the United Nations. Nevertheless I would like to emphasize again that these regional arrangements, whether they be political such as the North Atlantic pact or whether they are financial, along the lines of the talks we have had to have with our friends from the United Kingdom and the United States, or of whatever nature they may be—these regional arrangements remain secondary and supplementary to our adherence to our world organization which we hope will some day make all such limited arrangements unnecessary.

That is not possible today. The reason is, of course, as I need hardly repeat, the split

in the world between west and east, which reflects itself in practically every undertaking of the United Nations. So long as that split remains it is absurd to think, and we would be only deceiving ourselves if we did think, that the United Nations as a universal organization can discharge the function of preserving peace which it was set up to discharge and which some day we hope it will discharge. But before that can be done we have to bridge the gap between the communist east and the democratic west. Though that problem at the present time seems almost insuperable, we must keep working toward its solution.

This afternoon the leader of the opposition (Mr. Drew) said that the best hope for that solution was by somehow getting to the people of the communist countries. If we could pierce the iron curtain and get to the hearts and souls of the people behind it I am sure, just as he was sure, that we would find they are as peace-loving as the rest of us. If we could sweep away that mistrust and hatred that has been caused by the tyrannical masters of the Russian people, if we could sweep that away and get our own message across to those people, then that split would be healed and we would have a world organization which would be universal indeed; which would do the job it was designed to do at San Francisco, and which some day it will do.

Reference has also been made in this debate by more than one speaker to the prestige Canada now has in the councils of the world. I think it is true that we have such prestige. If we do have it, then it is due to the exertions, to the intelligence and to the sacrifices of the Canadian people. It is upon this that our prestige has been built; especially on the achievements and sacrifices of the Canadian people in time of war. Those of us who have particular jobs to do which take us into the world of international affairs can add a little to or detract a little from that prestige. But it has a deeper foundation than the work of any individual, of any government or of any party; the foundation of our prestige is in the character, the hearts and the achievements of our Canadian people. And that is why, Mr. Speaker, I am so encouraged by the debate we have had in the last two days on external affairs. I believe in this debate we have had a fine reflection of the feelings of the people, and their constructive approach to these questions of external affairs.

It has been made abundantly clear in the debate that the objectives we have in mind are shared by all of us. We have the same objective. We are all striving to get to the same goal—at times probably by different routes—and that goal is the establishment in this world by international action of conditions in which every man, every woman and every child in any country of the world can live out his life in stability and security and peace.

Motion agreed to.

EXTERNAL AFFAIRS

MOTION TO PERMIT COMMITTEE TO SIT WHILE HOUSE IS SITTING

Mr. J. A. Bradette (Cochrane) moved:

That the special committee on external affairs be empowered to sit while the house is sitting.

Mr. Graydon: May I take the opportunity when this motion is being put to inquire from the chairman of the committee on external affairs when he expects the committee to sit tomorrow?

Mr. Bradette: I do not believe it will be possible for it to sit tomorrow, in view of previous engagements made by several members. But I expect the first sitting will be next Tuesday morning.

Motion agreed to.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will go into committee of supply and take up the estimates of national defence, secretary of state, veterans affairs and justice.

Mr. Graydon: Is it the intention of the Secretary of State for External Affairs to be here next week?

Mr. Pearson: Mr. Speaker, I am afraid it will be impossible for me to be here next week, because of my duties at Lake Success. I regret that it is not possible to hold a meeting of the committee on external affairs tomorrow.

Mr. Graydon: It can be held.

Mr. Pearson: I would be very glad to attend a meeting tomorrow, or to attend a meeting on Saturday.

Mr. Graydon: I changed my arrangements so as to be here tomorrow, because I expected there would be at least two meetings of the committee tomorrow. I would like to see the decision reversed, if it can be done without inconvenience to others. We should have the minister here and, since he can be here tomorrow, surely there is no reason why we cannot hold a couple of good meetings of the committee.

Mr. Coldwell: I would join in that with the hon. member for Peel. When the announcement was made by the Chairman that the committee was not going to meet tomorrow I thought that the Secretary of State for External Affairs had been called away. However, if he is to be here tomorrow every effort should be made to call the committee together some time tomorrow, even if it is late in the day. If it is difficult to get notice of the committee in the morning, we should try to meet some time in the day.

Mr. St. Laurent: Would it be possible for the chairman of the committee to set an hour which could be taken as notice of the meeting?

Mr. Bradette: Eleven o'clock tomorrow morning.

Mr. Graydon: Eleven-thirty.

Mr. Bradette: Very well, eleven-thirty.

Mr. Graydon: We should have two sittings of the committee tomorrow.

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

HOUSE OF COMMONS

Friday, November 18, 1949

The house met at eleven o'clock.

ORDERS IN COUNCIL

TABLING OF SUMMARY—JULY 1, 1949, TO AUGUST 31, 1949

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I now lay on the table a summary of orders in council for the period from July 1 to August 31, 1949. As was agreed on October 19, when the last summary of orders in council was tabled, this summary does not include the treasury board minutes.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 186, for the relief of Rene Walsh.—Mr. Winkler.

Bill No. 187, for the relief of Sara Tepper Prupas.—Mr. Winkler.

Bill No. 188, for the relief of Joseph Wilfred Melanson.—Mr. Winkler.

PRINCESS MARGARET

REPORTED INVITATION TO VISIT CANADA DURING COMING YEAR

On the orders of the day:

Mr. Gordon Graydon (Peel): I should like to direct an inquiry to the Prime Minister, notice of which I have sent to him, following a suggestion I made during the debate on external affairs. I refer to a press report that an invitation has been extended by the Canadian government to Princess Margaret to visit Canada during the coming year. Has an invitation been extended, and, if so, has it been accepted? If no invitation has been extended, will the government consider extending such an invitation? According to press reports, Buckingham palace says it is interested in the suggestion.

Right Hon. L. S. St. Laurent (Prime Minister): I should be surprised if the report in the press were exact. There is no foundation for the rumours which have been circulating as to a visit to Canada and the United States in the near future by Her Royal Highness Princess Margaret. On November 14 we were informed that this rumour was causing some embarrassment in London, and that it would be appreciated if steps were taken here in Ottawa to deny it. No invitation has been extended to Their Majesties or to any of the members of the royal family at this time.

Mr. Graydon: Would the Prime Minister mind answering the last part of my question—whether the government will consider extending such an invitation?

Mr. St. Laurent: The matter has not yet been considered by the government.

HOUSING

INCREASED RENTALS—LIABILITY OF TENANTS TO FURTHER INCREASES ON DECEMBER 15

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): I wish to direct a question to the Minister of Finance, but in his absence perhaps one of his assistants may be able to answer it or, if not, an answer could be given later. Are tenants who have had their rents increased by maximum rental decisions made since the minister made his announcement on November 3 liable to further increases on or after December 15?

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): I shall take this question as notice and endeavour to give an answer on Monday.

EXTERNAL AFFAIRS

RAILWAY LINE TO ALASKA—QUESTION AS TO U.S. PROPOSAL FOR SURVEY

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Last evening I believe the Secretary of State for External Affairs overlooked replying to my question as to Canada's policy with respect to the northwestern portion of this continent. If he will remember, I referred to the United States proposal that a survey be made for a railway line to Alaska. Is the minister in a position to explain briefly the policy of the government in this regard?

Hon. L. B. Pearson (Secretary of State for External Affairs): I am sorry; I did overlook answering that question last night. I assure the hon. member it was not a deliberate omission on my part. I am in a position to say to him that the government is of course interested in any transportation development in the northwest which will bring that part of our country in closer contact with Alaska, not only for strategic reasons but for development reasons as well. The government has already surveyed the possibility of extending the railway line from British Columbia to Alaska. The difficulties in that connection

of course are obvious. They are largely financial. I would remind the hon. gentleman that during the war the United States military authorities made a survey for a light military railway which would cover the same territory, and I believe the estimated cost was about $112 million. At this time a standard gauge railway would cost probably well over $200 million. Existing transportation facilities are not overtaxed—that is, sea-rail and road-rail—so there would undoubtedly be a substantial deficit for many years, running possibly to $50 million per year.

It is true that a bill has been passed by congress providing for a survey and authorizing the President of the United States to get in touch with the Canadian government with a view to making that survey. It is also true, I understand, that no appropriation has been passed for this purpose, which means it may be difficult for the United States government to take the action recommended in the bill. If and when that action is taken, and the United States government approaches the Canadian government about this survey, the government will naturally be glad to discuss the matter.

TRADE WITH BRITAIN

EGGS AND BACON—PRESS REPORTS AS TO REDUCED PURCHASES FROM CANADA IN 1950

On the orders of the day:

Mr. H. R. Argue (Assiniboia): In the absence of the Minister of Agriculture, I should like to direct a question to the Minister of Trade and Commerce. It arises out of a press dispatch appearing in this morning's Ottawa *Citizen*. Is it correct, as stated in the press dispatch, that Britain will not purchase Canadian eggs in 1950 and that the bacon contract will be reduced from 160 million pounds to 140 million pounds?

Right Hon. C. D. Howe (Minister of Trade and Commerce): No contracts for eggs or bacon have yet been placed for 1950. The matters are still under negotiation, and no official answer can be given at this time.

SUPPLY

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

DEPARTMENT OF NATIONAL DEFENCE

General services—

239. Grants to military associations, institutes and others, as detailed in the estimates, $227,150.

Mr. George A. Drew (Leader of the Opposition): Mr. Chairman, when the committee was last dealing with these estimates it had not reached the point where the items were being discussed in detail. I propose, therefore, to deal with the broad problem presented by the estimates rather than with any individual items. In doing so, I am simply following the course adopted by the minister and those who followed him in the discussion.

The importance of these estimates has been emphasized since we last met to discuss the problems of defence. In the debate which has taken place on external affairs, the unanimity of the members of this house with regard to the necessity of Canada being associated with the other free nations in every way necessary for the purpose of combining their strength to assure peace in the years ahead was recognized. The very fact that we are called upon to consider estimates for an expenditure of $383 million for defence is conclusive evidence that there is no thought in the mind of the government or of anyone else that a mere expression of the desire of people for peace, or mere association in a common purpose, will in itself, bring that peace which is the highest desire of every human being. For this reason we must examine these estimates in the light of the position which Canada has taken as a member of the north Atlantic community of nations, and the commitment which that implies.

These estimates must be considered not merely in terms of the amounts appropriated, and their being spent in the best way, but also as part of the important problem of our playing our part in saving civilization itself.

When the Minister of National Defence (Mr. Claxton) was introducing these estimates he said: "Members will have it in mind that today is Remembrance day." These estimates first came up for consideration on November 11. It seems to me particularly fitting that the estimates of the Department of National Defence should come up on Remembrance day. Each year on November 11 we are called upon to remember the many men who died in the free lands of the world because they had not been prepared for the defence of their country when war broke out, and also because they had not understood what the exact situation was. If there is one message above all others which should come to us from those whose memory we commemorate on November 11, it is that there is no substitute for a precise examination of the facts, and that no pleasant statements as to what we have achieved can be a substitute for the reality of that measure of combined strength which is the one hope for peace in the years ahead.

This does not mean the figures before us may be inadequate. It may well be that

they are too high, having regard to the agreements we have made with other nations, and to the fact that our commitment, which has been clearly stated by the Secretary of State for External Affairs (Mr. Pearson), is to contribute our share in the best way we can, having regard to our strength and our facilities.

The Minister of National Defence went on to say, "We learned again that eternal vigilance is the price of freedom." I think no one will question that statement. Eternal vigilance, however, is not merely keeping one's eye open to see what the other man is doing. Eternal vigilance implies also a constant supervision and a constant examination of our own ability to assume whatever role may be imposed upon us by the commitments that we as a democratic nation have freely undertaken. Our objective is peace. I am certain that no member of the politburo in Russia, which constitutes the small, compact dictatorship over the communist masses of the world, has any doubt that the supreme and only objective of the nations of the Atlantic community is peace. Any suggestion on their part that the North Atlantic security pact is an aggressive association of the western nations is of course hypocrisy, pretence, and an attempt to convince their own people that there is some reason for the tremendous military preparations going on within their own borders.

Our objective is peace, and we have been told that the large sums we are called upon to approve in this committee are the price that we must pay for preserving peace. But dollars will not preserve peace; it is what the dollars buy. We shall only play our part in the common cause, as the United States, the United Kingdom, France and the other nations will only play theirs, if the money that is spent—whether it be dollars, pounds, francs, lire, or any other currency—is effectively used for the purpose of preparing within each country that organization which can most effectively take its part in this great international team which has its mind only on the continuing peace of the world.

Those ceremonies which took place last week should indeed strengthen our conviction as to the importance of an association of this kind, backed by a well-trained organization for that purpose within each country. That also was the great lesson that came to us from the other wars. I use the word "wars", because both the first world war and the second world war could have been avoided if those nations which believed in peace and believed in the right of every nation to determine its own course had combined their strength, had stood together and had said to Germany or to any other possible aggressor: Let there be no doubt that we mean to preserve our freedom. Undoubtedly the leaders of Germany moved in 1914, as they moved in 1939, because they had come to the conclusion that the free nations were neither ready nor willing to defend themselves with all they had. Germany paid the penalty for that mistake, as did the rest of the world at the same time.

If there is one thought that should be uppermost in our minds as we examine these estimates and what these estimates imply, and what lies behind the dollars and the words therein set out, it is that war could have been prevented in 1914 and in 1939. The job of all of us is to do what we can within our sphere of responsibility to keep that lesson in our minds and before our people, and to make sure that never in our lifetime shall it be forgotten.

It is with this thought in mind that I should like to consider not only the estimates that are before us but the statement that was prepared and presented to the house on November 11. This document, which can in fact be called a white paper, covering "Canada's defence program" for 1949 and 1950, purports to give "Information on defence". That is the opening heading, under part I on page 5, and it is the stated purpose of the whole document. I should like to examine some of the things that are said in this white paper because I intend to repeat my appeal to the Minister of National Defence (Mr. Claxton) and to the members of this committee for the setting up of a standing committee on national defence which can obtain the information that is not now available to us and will not be available to us even if we sit in committee of the whole to consider these estimates from now until next May.

The reason I say that is this. Under the rules of procedure, no machinery is provided by which we can obtain the information that would give these estimates and this explanation any real meaning to most members of the committee and to the thirteen and a half million people of Canada whose future so largely depends upon what they really mean.

On the first page of the report, but the fifth page of the document, I find these words:

> Defence is no longer the concern of the soldier alone. It is the concern of each individual.

May I repeat that these are the words given to us by the Department of National Defence. Defence is above all the concern of each member of this committee. We shall not be doing our duty unless we make sure that

a procedure has been adopted which makes it possible to discuss the subject of defence with real knowledge of our objectives, of the plans that are being made, of the adequacy of what we are doing, and of what can be done to avoid any waste of money and to make the most effective use of the huge sums which are being allotted for this purpose.

I would refer to these words which appear on page 6:

Canada has a great stake in international security and stability.

Every Canadian has a great stake in international security and stability. There is not a mother or a father in Canada with young children today who does not look at these children and wonder whether in the years ahead they are to be called upon to take part in world tragedies which have been shared by two generations of Canadians. Within this house are many veterans of two world wars. These men, who have seen the ghastly destruction of war, have seen their friends, their brothers, those they knew best of all, blown to oblivion by the ghastly instruments of war, are the ones above all others in this country who are conscious of the need of doing everything within the realm of human possibility to prevent the recurrence of a supreme tragedy of that kind.

May I repeat that Canada as a nation not only has a stake in security and stability, but mothers and fathers—indeed everyone—no matter what their age may be today, look at the papers and at the disturbing headlines, and can only interpret the news they read in terms of the possibility not only of war but of the conceivable end of our civilization as we know it, if the combined sanity and the combined strength of the free nations are not fully associated in the most effective way for the preservation of the peace that was bought by the blood and the agony of the youth of Canada and of other nations who won such a decisive victory in 1945. It is in this frame of mind and from this point of view that I urge hon. members to examine these estimates, and not to take any statement for granted, not to be prepared to pass from this subject until they know, and really know, what is being done with this enormous sum of money.

As has been pointed out, it is no longer the job of the soldier alone, and it is not enough to be told that the military experts tell us this or that. This is the job of every Canadian, and we are the representatives here of the people of Canada.

[Mr. Drew.]

Let us pass to the stated defence objectives which appear on page 11. In paragraph 17 we find this statement:

In 1948 Canada's defence aims and objectives were set out as being:

(1) to provide the force estimated to be necessary to defend Canada against any sudden direct attack that could be or is likely to be directed against it in the near future.

This is our first objective. Before we pass on these estimates it is our duty to know how close we are to that objective. How far have we gone in providing the force estimated to be necessary to defend Canada against any sudden direct attack that could be or is likely to be directed against us in the near future? How many infantry battalions are there in the active forces with their complete complement of weapons and equipment? Unless you know that, you have no idea at all of how ready the infantry are to take their part. How many artillery units have their complete complement of machines, of range-finding instruments, of controlled devices, of all the technical instruments that go with that service under the present establishment, which will be suited for the employment of that unit in active combat? How many hon. members know that? If they do not know, they cannot pass on these estimates with any appearance of reality in relation to the stated objective for which the money is being allotted.

How many of our armoured units have the machines of war and the equipment and all the control and communication devices that are required by an establishment for 1950—not 1945? If you do not know, you cannot pass on these estimates with any real knowledge of what they imply. How many of our engineering units have the establishment required for 1950 and the years beyond? How many of our signal units, how many of our army service corps units, how many of the other units of the infantry have their establishment and could move into positions to meet the first test set down? I think many hon. members guess the answer, and if they do, it is all the more reason why right now, today, the government should say that a standing committee will be set up where the military experts may be examined and where industrial experts and those who are associated with the nonpermanent units as well, the reserve units, could be brought here to express their opinions; because I would remind hon. members that many of the greatest developments in effective mechanism for defence came not from the military experts but from those who could not be included within that rather limited group.

We need only to recall that in the first world war the decisive weapon was the tank, and that it was not the result of the advice of the experts. The experts all said it could not be used, and blocked it. There was a young minister named Churchill who used a device which perhaps may not conform strictly to parliamentary practices. Hon. members will recall that he succeeded in having the tanks developed by including an estimate for land units of the naval force. It was under that appropriation the tanks were developed and were ready for the first attack in 1916. In the second world war the great test as to whether there could be an invasion of Europe was the possibility of establishing beachheads at places where there were no natural ports. There again a civilian named Churchill had put forward the idea of what came to be known as Operation Mulberry. Of course he had had a fairly extended experience in military affairs; but he certainly was not one of those who would be included within the group known as technical military experts.

Hon. members can think of many suggestions which have ultimately taken form and which came originally from the drafting boards of industry, suggestions which came from the ideas of amateur soldiers thinking in unconventional terms. Now, for years after the end of the war—or what we are pleased to call the end of the war—the time has come to bring some of those unconventional brains before a committee to see what ideas have emerged from the thinking of the people of this country as to the way in which, with the greatest economy and effectiveness, they can play their part in the task lying before us in this field. I suggest that unless we have such a committee we are simply giving a blank cheque, without accepting, and insisting upon accepting, the responsibility which is ours in connection with one of the most important duties of this parliament acting as a collective body.

We are told in this same document that the only kind of war which could involve Canada would be a war with communism. At the present time that is the only foreseeable war. At page 11 the white paper goes on to say that the best way to achieve victory in any war is to defeat the enemy in his own land, and that the right place to defend Canada and what Canadians believe in is as far away from Canada as possible.

This is the statement of the Department of National Defence as to their concept of our national military role. I ask hon. members to consider just how ready our present defence forces are to fit in with that role. Whether it is the right role or whether it is not, it is the role placed before us as the stated role of our forces. And only to the extent that our forces fit into that picture is this money being properly spent. I cannot see any shading of the meaning in these words at all.

If our objective is to play our part within the terms now put before us, then the test as to the appropriate expenditure of every cent of money must be this: How close does this expenditure come to producing the results which are put before us in the statement of the Department of National Defence?

At page 12 there is a statement with which I am sure every hon. member will agree:

> Our defence policy assumes that our armed forces will be used in association with those of friendly powers.

That of course was what the Secretary of State for External Affairs was emphasizing yesterday. It goes on to say:

> The defence of Canada and the defence of western Europe are ultimately one operation.

It is necessary, if we consider how well the money is being spent, that we have at least an estimate of what types of units, what types of equipment, and what particular emphasis on a particular service, will best fit our defence forces to that requirement. The report goes on to say:

> The development of these three phases must proceed at a pace which will neither be so slow as to leave us unprepared at any point, nor so hasty as to overburden the economy with the production of war materials much of which would become obsolete.

I believe everyone will agree with this—certainly with the latter part of it. But let us examine the first part of it, where it states that we must not be so slow as to be unprepared at any point. On this 18th day of November, 1949, are we prepared at any single point to meet the requirements stated by the Department of National Defence? Any hon. member who, through his association with military units in this country, knows something of what the situation really is, can give the answer, and he knows it is one which is not satisfactory in relation to the enormous figure before us.

The report refers to our being unprepared "at any point". All right; let us take this point in the history of Canada. On November 18, 1949, how ready are we, not only with any branch of the service but with any unit of any branch of the service, to take the stated part that has been placed before us? Every member who is passing on these estimates should know the answer, or should have the assurance that he will know the answer when we consider the estimates in detail. I make that qualification

for this reason, as I pointed out in an earlier debate: that the expenditure of money is effective only to the extent that it is made with a knowledge of the facts and the real purposes for which the money is being spent.

We must know exactly what the position really is—and not just accept the statement that we are spending so much money, and that our men and women in the services are well trained, and have a high morale. We know all that. It is because we have young men and women of demonstrated ability, it is because we have young men and women of whom we are proud, young men and women capable of undertaking any task placed before them, that we should insist upon knowing what is really being done to prepare them—and this is the only reason they are in uniform—for the defence of this country and the maintenance of the collective freedom of our civilization.

On page 12 we find this subheading, "Immediate defence of Canada". It is stated that while there is little likelihood of any direct attack, our services should be planned —and I quote:

> —to meet an attack upon the scale that would be likely to be made at any given time as part of a war involving the north Atlantic treaty powers.

To meet an attack at any given time—that is the test we must apply today. We know that we are not ready in all respects, and we can expect that. But we must know to what extent. We must know where the emphasis should be placed. We must know where the job needs to be pressed most vigorously. We must know what real readiness there is at any given time to deal with this matter.

Then it goes on to say that for this particular type of attack we should have jet interceptors and anti-aircraft guns backed by a relatively small but highly trained, efficient and mobile force of ground troops. I think that Canada must devote its attention so far as ground troops are concerned to developing a small but highly trained, efficient and mobile force of ground troops. It is this type of force that will meet the possibility of the kind of attack on our own soil which is contemplated by the survey of the Department of National Defence. It is this kind of force that would be suited to joint operations on land with the other powers which, because of geographical position and larger populations, would be called upon to provide the main body of the land forces.

No matter what the position is today, what will it be next year; what will it be in 1951 and 1952, if we say that we have a small and compact land force capable of doing the job for which it is intended and for which we are allocating the money? That is the question. It was to this that I referred a few minutes ago.

At this particular time we cannot greatly change the allocation of money, whether we should wish to do so or not. Because of the interruption of the last session for certain important public purposes, the business of the house was not completed, and we are now dealing with estimates which ordinarily would have been dealt with many months ago. We know that in practice most of this money has been spent or already committed. For this reason we cannot change greatly the amounts that will be spent in this current year. But this is the time for us to make sure that the mechanism is provided which will permit us not only to review what is being done now and the picture behind it, but also to consider the estimates next spring with the kind of knowledge that we should have before passing upon future expenditures on this scale.

It is for this reason that my remarks are directed again to the importance of having a standing committee in which details could be examined which simply cannot be effectively dealt with in committee of the whole. On page 13 reference is made to the nucleus theory which has been adopted in regard to the reserve or nonpermanent units. On that page I find these words:

> Canada's peacetime forces, besides being prepared for home defence, must contain the organization and administrative nucleus of the larger forces which an emergency would eventually require.

I think everyone will agree with that. But how much do we know of the extent to which the organization of those peacetime forces are suitable for the projected needs of 1950, of 1955, of 1960? How far have those forces departed from the organization of 1949? One of the greatest difficulties after every war—and history shows this—is to shape the thinking of the Department of National Defence—this applies to every country—away from the experiences of the last war. It has never been different. Men are inclined to interpret the needs of the future in terms of their war experience. Usually it is only by bringing fresh and unconventional minds to an examination of the task that there is a break from the conditions applicable to the war that was fought some time previously.

In the military exercises between the two world wars the units were fighting over and over again in peacetime exercises the battles that had taken place between 1914 and 1918. Many of the exercises being carried on today are carried on as though they were incidents in the war of 1939-1945. The needs of these forces, the organization of the forces, the

expenditure of money on the forces, are things that should be examined by this committee and recommendations made. It is not going to be a small task. It is going to be an important and continuing task, and that is why there should be a standing committee which will study continuously this extremely important subject.

On going through this report I find that constantly emphasis is placed upon the readiness of the forces to meet the various tasks that are placed before them. On page 16 I find a statement which seems to me to be symptomatic. It is in these words:

> Canada was able to put her defences on a post-war basis more rapidly than most other countries.

Do we know whether or not that is correct? I am not suggesting that we are being deliberately misled by anyone, but do we know exactly what our position is today? If any hon. member does know exactly, then I am sure he is in a more favourable position than most hon. members of this house and most of those now serving in uniform in different parts of Canada.

I find these words on page 18:

> The adequacy or inadequacy of defence expenditures depends on the appreciation of the international situation.

That is the guiding factor in everything we do; everything must fit into the pattern of what is best suited in relation to an appreciation of the international situation.

We are told about the high cost of war equipment, and a few examples are given. Everyone knows that war equipment is extremely expensive, and undoubtedly the few figures given do indicate how costly this program is.

On page 20 I find this statement:

> In unification and co-ordination Canada has been making continued progress and our place in the forefront of this field has been shown by the way in which steps taken first in Canada have subsequently been taken in other countries.

Let us be extremely proud of what we are doing as Canadians, but unification in itself is not an end; it is only a means to an end. Unification is effective only to the extent that the forces unified constitute an effective force to meet the stated requirements of our defence program. I submit that this statement is meaningless unless we know what is being unified, in terms of our real military requirements at this moment. It is not difficult to unify simply from the point of view of structural organization. The unification which presents the problem is the unification of forces in an effective form for a defined purpose; and I am convinced that we have not before us information that would give that statement any meaning to us at this time. It is repeated in another way on page 21:

> The test of Canada's system of organizing defence lies in the fact that unification has proceeded farther and duplication of function has been more thoroughly eliminated than in any other western country.

That is a fairly broad statement, and when we read it I think we must examine the situation as it has been exposed in at least one service, by the Mainguy report, which dealt under very limited powers with the situation in the navy. When we speak of organization, one statement in the Mainguy report should be remembered, not merely for the purpose of criticism but in order to realize how necessary it is that we go behind general statements of that kind. On page 50 of the Mainguy report we find these words:

> . . . several important administrative departments were treated as though they were temporarily refuges for temporary misfits, rather than as fields of endeavour for the best available experts.

This statement hardly suggests the high degree of skill in administrative organization implied in the statement to which I have referred. After all, these are not my words; they are the words of a commission appointed by the Minister of National Defence. They come under the heading "Headquarters staff", that portion of the organization which becomes an integral part of any co-ordinated direction of our defence forces. It is a serious indictment of those responsible for administration, if the statement is correct; and after all, it was put forward in a report which has been generally commended as a fair and accurate interpretation of what was found. I repeat it: "Several important administrative departments were treated as though they were temporarily refuges for temporary misfits, rather than as fields of endeavour for the best available experts." All these departments are under one minister. If there is anything in the Mainguy report which imposes upon us a responsibility for securing wider knowledge in regard to the land and air forces, it is this statement, if it is to be accepted as accurately representing what was found. A headquarters staff that is a temporary refuge for temporary misfits, no matter how small may be the percentage of temporary misfits, is not the kind of staff which will produce effective co-ordination and unification, regardless of what the documents may appear to produce.

I suggest that this in itself is good reason for a thorough investigation of this subject. But, Mr. Chairman, if there were one thing above all others that would suggest the need for study by this committee now, not several

months from now, it is the fact we have been told that a comprehensive and long national defence bill, which will bring about sweeping changes, is to be placed before this house. At page 22 of this report I read:

> Its enactment would mean that Canadian defence matters would be dealt with for the first time entirely by the Canadian parliament . . .

I emphasize those words, "would be dealt with entirely by the Canadian parliament." It would be the first time. Defence matters have not been dealt with by the Canadian parliament, with knowledge of the defence problems, for many years, because the information has not been available. There is nothing in the act itself which assures that result. The only thing that will assure it is the setting up of a standing committee of this house which can examine these matters and this bill. I hope there will be no suggestion of this bill being dealt with in the remaining time available this session, because its implications are far too important and the effect of the changes much too far-reaching to be dealt with before we have an opportunity to examine experts as we cannot examine them in this house.

Words are often used to conceal information rather than to give it. I do not think any Canadian reading this document has any more information about the real state of our defence forces than he had before it was presented on November 11. What does any statement of the cost of national defence equipment mean unless it is related to a knowledge of how many of these items we are buying, and their effectiveness, and the opinion of industrial as well as military experts as to their availability and the productive power of this country in particular lines? We need this information in order to form an opinion as to where the emphasis should be laid in providing equipment of the kind.

We have come a very long way, Mr. Chairman, since the days just before the last war broke upon the world. If hon. members do not believe I have used words of the utmost moderation in referring to the enormous expenditures upon which we are asked to pass, may I remind them of what was said in this country only a short time ago. On a number of occasions we have been told that there was not an appreciation of the needs for defence preparation until this government took office. May I use this illustration, not for the purpose of dealing with that statement, but just to indicate how great the change has been, and why it is so necessary that we examine this subject with great care.

August 18, 1935, was almost exactly four years before the outbreak of the last war, and yet, on that date, we find the man who was to be prime minister of this country during the war years criticizing in most vigorous terms the increases which had been provided for the Department of National Defence. In fact in that speech he said that these expenditures were being made with the idea of setting up a dictatorship, and that nothing else could justify the expenditure of such enormous sums. Let us see what was provided in that year. The total main estimates for the Department of National Defence in 1935 were $11,252,001.17. There were supplementary estimates of $1,796,000, making a total of $13,048,001.17. The estimates for aviation were separate, because they included civilian aviation as well. In 1935 the main estimates for aviation were $3 million and the supplementary estimates were $1,302,900, making a total for aviation of $4,302,900. The total for defence purposes, including civil aviation and the flying clubs, was $17,350,901.17.

The fact that that expenditure could be regarded so recently as a huge expenditure intended only for the purpose of setting up a dictatorship—those were the words—makes it apparent that we should examine with great care the extent to which every cent of the present estimates is being spent. It should not be done with any such suggestion as was made in 1935—and quite improperly made, I think—but simply in recognition of the tremendous change that has taken place in everyone's thinking between 1935 and today, when we are confronted with estimates of $383 million and realize there are other expenditures as well for certain associated civilian departments which do work for the Department of National Defence. This huge sum must be examined carefully. I repeat there is only one way in which it can be done effectively, and that is by a standing committee.

We have been told by the Minister of National Defence that the setting up of a standing committee on national defence has never been the practice under our parliamentary system. Many things are being done that were never done before. Certainly until a few weeks ago there was never a standing committee on atomic energy. Since atomic energy is part of the problem we are discussing today, I cannot imagine a single reason why there should be a standing committee on that subject and not a standing committee on national defence. The military authorities would be the only ones concerned with doing anything with atomic energy from the military point of view. If we need a standing committee for that limited feature of our development in this country, surely we need a standing committee to deal with the broader

organization which would employ whatever military use might be made of that particular source of power.

We have been told also by the Minister of National Defence that the fact that there are committees in the United States to deal with these subjects has no bearing on this matter. We have been told that it is not the right way to deal with a subject of this kind. For this reason, Mr. Chairman, I hope the members of the house will permit me to read into the record a statement, which I believe is well thought out, concerning the importance of committees. It was contained in an article which appeared in *Maclean's* magazine on March 1, 1943. It was under the heading, "What's wrong with parliament?" I should like to read only that portion which deals with the use of committees, because I believe the statement is a clear one; it refers to the matters which are now before us and to the suggestions we are making. It reads as follows:

> One reason why parliament has not functioned better is that 245 members cannot get down to close grips with a subject. Also there is not enough time for the whole house to deal with everything. Hence the practice of referring specific matters to committees for study and report should be extended.
>
> On a good committee the party lines disappear. One member's experience is that on ten committees in three years there was never a vote on party lines. In committees the atmosphere of the arena is changed for that of the workshop.
>
> To be effective a committee must be small, not more than fifteen. Its members should be selected because of their interest in the subject rather than solely because of other considerations such as province, race or religion. Committees should be set up early in the session and bring in their reports early, before the last-minute rush.
>
> The committee on war expenditures has done exceedingly useful work, but it has been suggested that it has been handicapped by lack of technical assistance. A committee of this character should have attached to it one or two full-time people who are competent to prepare the material as is done at both Westminster and Washington. Without such assistance the committee is largely in the hands of the interested department.
>
> Committees should sit regularly on such matters as manpower and labour, financial and economic questions, reconstruction, external affairs and information, munitions and supplies, agriculture, the navy, the army and the air force.

May I repeat that?

> —the navy, the army and the air force. The United States Senate has forty-seven committees exercising great power. We do not need anything like that number. The close connection of our executive with our legislative branches makes it unnecessary. Fifteen working committees of our house, most of them only meeting through half the session, would do the job. My fifth point, therefore, is:
>
> 5. Whenever possible a matter of major importance should be referred to a committee of parliament, and where necessary the committee should be provided with adequate research assistance.

Now, Mr. Chairman, I believe that is an excellent—

Mr. Isnor: Would the leader of the opposition be good enough to give us the name of the author?

Mr. Drew: Yes. The author was Mr. Brooke Claxton.

Mr. Isnor: I was aware of that.

Mr. Claxton: Everyone in the committee is, too.

Mr. Isnor: It is a good article.

Mr. Drew: The author of it was the present Minister of National Defence, when he was a private member.

Mr. Isnor: It is a very good article.

Mr. Drew: It is an excellent article.

Mr. Murray (Cariboo): Is that the same magazine that published "The merchants of death" about that time?

Mr. Drew: Yes; it is the same publication. I wish hon. members would reread that article and would examine, in the light of what was said there, some things that have been done in regard to production for our defence requirements.

This article, I say, was written by the present Minister of National Defence, at a time when he was a private member; and he was expressing his opinion as to the success of the use of committees. Hon. members will note that the Minister of National Defence, who now says that a standing committee on national defence is not appropriate under our system, in 1943 specifically referred to a committee on the army, the navy and the air force. His view was clear then. Moreover, may I point out that his experience then, when he was sitting as a private member, does not bear out the suggestion that he now makes, that these committees divide on a political basis. He was referring to his own experience, and he said:

> One member's experience is that on ten committees in three years there was never a vote on party lines.

Then he goes on to say:

> In committees the atmosphere of the arena is changed for that of the workshop.

May I say that I subscribe to every word of that part of the article I have quoted. I do not think that the points I have been trying to make for some weeks could be more cogently and more effectively stated. May I also remind hon. members that this was under the significant heading "What's wrong with parliament?" That question was asked by the present Minister of National

Defence; and he attached sufficient importance to the idea of these committees to have that paragraph in special type:

> Whenever possible a matter of major importance should be referred to a committee of parliament, and where necessary the committee should be provided with adequate research assistance.

Hon. members will recall that the Minister of National Defence on more than one occasion has told us that it is not appropriate for us to see what is done in the United States, because our systems are so dissimilar. But in 1943 he thought there was a sufficiently related experience to point out that in the United States matters of this kind had been referred to committees. He said:

> The United States Senate has forty-seven committees exercising great power.

He did not say that was a reason not to consider this procedure. He said:

> We do not need anything like that number.

He referred to a smaller number, but he obviously implied that the machinery available to their members, with experts to assist them, was the kind of machinery he approved. Even at the expense of putting it on the record again, may I read the last paragraph I have quoted—and I hope the minister will not feel that I am presuming when I say that I adopt that statement as one that completely expresses my own opinion on this subject.

Mr. Isnor: Does the hon. member approve the system used in the United States in regard to these committees?

Mr. Drew: Mr. Chairman, the question is not relevant.

Mr. Isnor: It has an important bearing on the matter, I would say.

Mr. Drew: The question is not relevant, for this reason. The use of committees and the system are two different things. The hon. member who has just spoken is fully aware of the fact that the United States system is one which places committees in an entirely different position because the executive is not chosen from the members of congress. The members of the executive are appointed separately and independently. But as was indicated by the gentleman who wrote this article in 1943, this does not in any way dispose of the fact that, while the system may be different, the procedure by which information is obtained is one which offers useful suggestions to the house.

Mr. Isnor: Then you do not approve the United States system.

Mr. Drew: Mr. Chairman, I do not intend to have the record confused by a statement of that kind. I most certainly approve the reference of subjects of this kind to a committee. I believe in the strength of our parliamentary system. I believe that our parliamentary system is a better system than the United States system. I believe our parliamentary system will work only if we have committees that get for members of the House of Commons the kind of information that is available to the members of the United States congress. That is exactly what the author of this article was pointing out back in 1943 under the title: "What's wrong with parliament?" That is definitely what is wrong with parliament. We are asked to deal with a subject of this kind without any mechanism by which we can get the information upon which we can assume our responsibilities; and this article sets out that fact as clearly as I have ever seen it set out. I hope that all hon. members will look it up, because it deals with other subjects that might also well be reviewed at a time when we are trying to make parliament more effective in dealing with these subjects.

We cannot greatly change the total required for this present year. We can, however, find out some of the things that are being done now, so that when we meet next year as a continuing House of Commons we may be equipped with information that will make it possible for us to deal with this matter.

With this thought in mind, may I again refer—and this will be my last reference to the article now—to this statement:

> Committees should be set up early in the session and bring in their reports early, before the last-minute rush.

I should like to see that statement underlined in red in *Hansard,* but I am afraid that *Hansard* arrangements do not make that possible. But of all the excellent statements in the article I have quoted, none is more important than the one that these committees should be set up, and set up early, and that the committees should bring in their reports before the last-minute rush so that the reports may be examined carefully and the decision of the house made with actual knowledge of the facts.

Let us not pretend that we have any real information upon which to base our decision at this time. Let us not pretend that we know how far our present organization and the present equipment of our defence forces, with regard to weapons and all the other facilities that they require, meet the stated needs of these defence forces as put forward by the Department of National Defence. Let us not pretend that. But recognizing what the situation is, with a full recognition of the importance of this subject, let us insist that there be an assurance now of a standing committee which can examine these facts

for our information—if not for change at the present time, then so that we may be ready to deal with the matter next session, to the end that there may be an effective saving of money as well as the most efficient organization of our defence forces that is possible.

I am prepared to make this statement, and I am satisfied that it will be supported in his own mind, no matter what may be done vocally, by every hon. member who has had occasion to be associated with our defence forces spread across this country: an enormous sum is being wasted at the present time. We are told of the number of recruits in our reserve force. Mr. Chairman, that statement is meaningless unless we know how many of these recruits are training. The enlistment roll of the reserve units does not tell the story. What does tell the story is the attendance at parades, the number of men who go to the camps provided for the land forces, and the number of men who take part in the various training exercises provided for the reserve or nonpermanent naval and air forces as well. These are things we should know. How much good does it do to know that there are so many thousand volunteers on the enlistment roll of the artillery units unless you know how many men are attending the parades and how many are going to the camps which finish off that training? How much good does it do to know how many thousands there are on the enlistment rolls of all the infantry units across Canada unless you know the percentage of attendance at parades? How many privates are attending, officers and noncommissioned officers? How many attend camp when it is set up? The same applies to every other branch of the service. These are things we should know, because money is being spent on the assumption that according to the enlistment rolls these men are taking their part. The organization should contemplate the possibility of checking each one of these things, and a committee such as I have suggested is the only device by which it can be carried out.

We simply do not know whether the observation of the Mainguy commission that headquarters had become in some cases a refuge for temporary misfits applies to the other services, but we do know that the naval service is part of the same military organization, and part of the broad plan of unification in the preparation to meet the commitments placed before us yesterday by the Secretary of State for External Affairs.

I submit, Mr. Chairman, that while we cannot greatly change the figures that will be required for the current year, we have a duty to examine them beyond what is possible here. In the light of our commitments and our desire to play our part in preserving peace, we have a duty to ask that the views expressed in 1943 by the present Minister of National Defence be acted upon and a standing committee on national defence set up so that hon. members will be in a position to accept their great responsibility in relation to the activities of this department.

Hon. Brooke Claxton (Minister of National Defence): With a great deal of what the leader of the opposition (Mr. Drew) has said as to the role and objectives of Canada's defence forces of course no fault can be found, because, subject only to one or two rather limited exceptions in his references to the white paper which was distributed on November 11, he had no fault to find. That is a very interesting observation to note. For the first time we put before hon. members in advance of the opening of the discussion of the defence estimates a statement which must be regarded as comprehensive, and then the leader of the opposition, who has had a great deal of experience in public affairs as well as in defence matters, refers to it in his speech with I think only minor qualifications, with regard to the assertion in two paragraphs to which he referred at the end of his remarks.

It is interesting, too, that neither he, the leader of the C.C.F., nor the leader of the Social Credit party criticized the amounts sought this year as being either too large or too small. The leader of the opposition based his criticism on the assertion, which he certainly made a great number of times, "We don't know." I think it is a fair summing up of his entire speech to say that that is the point he made. He used that point to support his argument in favour of the appointment of a standing committee on defence. This suggestion has been made repeatedly by members of the opposition since 1945, with regard to both defence and social security; and just as repeatedly it has been opposed by members of the government, for the reasons which are now well known to hon. members.

I must say I was amused, as I am sure the committee was, by the leader of the opposition's references to my article in *Maclean's* magazine, written in 1943. I appreciate his commendation of that article and his very kindly remarks about it. Since I have changed my mind after five or six years in this house, I hope that the leader of the opposition, when he has been in the house

a little longer, will similarly change his mind, and be prepared to say so, as I have been on previous occasions.

The first reference to this article was made by myself in this house on May 30, 1946, as reported at page 2052 of *Hansard,* when the hon. member for Eglinton (Mr. Fleming) was proposing a committee on social security. I referred to the article and said that I had changed my mind. A similar reference was made by me just last month, on October 12, 1949, at page 723 of *Hansard.* If, therefore, it has recently come to the attention of the leader of the opposition, or if other hon. members have heard it for the first time today, I would point out that it has been before hon. members and has been in *Hansard* for over three years.

The leader of the opposition said that neither he nor other hon. members knew how many infantry units, artillery units, armoured units, engineering units, signal units, army service corps units, had been brought up to strength, completed their training and were fully equipped. He said that hon. members know the answer. Later he of course said that the answer would be negligible.

Mr. Drew: I think I said "would be unsatisfactory".

Mr. Claxton: Unsatisfactory. Well, I would ask the leader of the opposition and hon. members to be fair in their appreciation of the situation. I think it would be possible for the leader of the opposition to put the same question about the state of recruitment, training and equipment of the units of the forces of this country at any time, or of any country at any time, particularly in a time of reorganization, training and re-equipment after a terrible war.

I venture to say that even with their congressional committee in the United States on service matters, there are very few members of congress or members of the public in that country who would know the answer with regard to the situation there on any one of these matters. I venture to say that that ignorance might extend even to the point of not knowing how many divisions were in a state of preparedness, or if there were any divisions fully manned, fully trained and fully equipped in any final sense of the word.

I am sure the same would be true in the United Kingdom. Just last night I was reading the report of a debate in which defence matters came up, although the debate had reference to the economic position of Britain. There one or more hon. members asked exactly the same type of question as the leader of the opposition has asked, and I am sure that there the same kind of answer must be given—and that is that recruiting, training and equipment are never finished. What we have been aiming to do is to set up an organization that will do the job and be capable of expansion to meet an emergency—and then to get on with it, just as fast as we could, with the amount of money and materials we had or that were made available through the vote of parliament.

I do not think there is any other way of doing it. The state of our defence preparedness must be tested at any time by how we are getting on with the job of recruiting, training, equipping, and providing the organization. In Britain, parliament appropriated £760 million for defence for the fiscal year 1949-50, corresponding to the $383 million we are seeking here. But have they a committee on defence that was told the things the leader of the opposition says he has to have in order to appreciate what is going on? Did they in Britain have any information additional to the information put before this committee and the Canadian people with regard to defence? Did they tackle this job in any way different from the way we are tackling it? Have they ever had a committee on defence? Hon. members know as well as I do that the answer to all those questions is no.

In the debates to which I made reference a private member asserted—and whether he was right or wrong is not for me to say—that they did not have more than three divisions in any state of preparedness—and that would be with reference to army forces totalling something of the magnitude of 400,000 men.

Mr. Drew: May I ask the minister a question? I notice he is quoting a private member of the United Kingdom parliament on the question of the preparedness of the defence forces of the United Kingdom. Does the Minister of National Defence suggest that he has to rely on the statement of a private member to know the state of the defence forces of the United Kingdom?

Mr. Claxton: No, I do not suggest that for a second. I quote this only for the purpose of indicating that it is the kind of view a private member has expressed, based on the information available to him—which, I suggest, corresponds to the kind of view expressed by hon. members of the opposition concerning the same subject. The private member in the United Kingdom was not answered by the minister of defence rising in his place and saying, "I am sorry; your figures are wrong. We have not only two or three; we have five"—or some other figure. He was not given a parliamentary committee to find out what the answer was. He made

the assertion, and it was left at that. I am afraid defence is a subject which sometimes must be dealt with in this way.

With regard to the various observations in the white paper to which the leader of the opposition referred, I thank him for the very moderate way in which he dealt with these statements. He referred to paragraph 24, which states:

> The development of these three phases must proceed at a pace which will neither be so slow as to leave us unprepared at any point, nor so hasty as to overburden the economy with the production of war materials much of which would become obsolete. If war is close and inevitable then all nations are doing too little to meet it.

And I add this to the part he read:

> If war is not inevitable, or if it is remote, we may be doing too much.

Obviously the scale of our preparedness and the amount of the appropriation voted by parliament, as well as the amount of defence activity carried on in this or any other country at any time—that is, the proportion of the total national income we spend on defence —must be related to an estimation of the risks as they are seen from time to time. And those risks, of course, are changing.

Then the leader of the opposition referred to paragraph 28:

> While the best available information indicates that there is little likelihood of any direct threat to our national security within the immediate future, the present international position requires that Canada's services should be planned and executed so as to enable us to meet an attack upon the scale that would be likely to be made at any given time as part of a war involving the north Atlantic treaty powers.

In this connection I should like to refer to what was said by the hon. member for Kamloops (Mr. Fulton) when he tried to construe a statement made by me a year or so ago as indicating that I considered it to be a part of the role of Canada to be able to deal with the forces of the Soviet union single-handed. Of course, no such statement was ever made by me and no such inference could be drawn. Such a statement would not hold water for a second. Indeed it it doubtful whether the forces of any country, other than those of the United States, would be adequate to meet an attack directed by the Soviet union against that country alone. That is the real situation.

What I do say is that any war in which Canada would be involved would be a world war. Since we have associated ourselves with other friendly powers under the North Atlantic treaty, we would have to deal with the situation that was presented in which the Soviet union was directing its attention to our country as part of its total operations everywhere. Without being strategists, hon. members can see that in such a war, and at such time should it occur, which we hope and pray it will not, the Soviet union would have a number of different roles and tasks; consequently we must appreciate what part of its forces might be directed against Canada by way of immediate attack. It is to meet that that I say one of the objectives of the Canadian defence forces is, and I quote from paragraph 23:

> (1) meeting immediate needs for local defence, here and now;
> (2) preparing local defences as needed in the future.

The scale of attack that might be anticipated at the present time or in the foreseeable future is such that, in the view of the officers advising me, we are preparing and equipping forces to deal with the threat as we estimate it from time to time. It may be found that with the full recruitment of our active forces, and the full organization and training of the brigade group, we will have more than we estimate to be necessary to deal with the situation in the foreseeable future. It may be that on reconsideration it will be found that we shall not need for that purpose the brigade group as now planned. But at the present time we are recruiting that brigade group up to its present establishment, giving it as good training as we can, and providing it with equipment as funds are available.

As I have said before, we now have over eighty-nine per cent of the present establishment of the active forces enlisted. Some of those are fully trained, but obviously a considerable proportion are not. When I say fully trained, I mean fully trained to the point considered desirable at this time. It must be remembered that in a modern defence force no man's training ever stops; it goes on continuously until he retires. This is one of the few occupations in which most officers and men must continue to satisfy educational, training and physical requirements and standards virtually up to the time of their final retirement from the service.

As the white paper indicates, we have in the brigade group completed the airborne training of the P.P.C.L.I. I think those who were present at Exercise Eagle were fully satisfied that that is a first-class unit in first-class shape. I have not had any suggestion from anyone that they thought the contrary was the case. That battalion today is sufficiently equipped to meet the test put forward by the leader of the opposition. But it is not the only unit which is sufficient for the task set out. There are other units, and there will be more developed and trained and equipped progressively. As I say, it is a continuous process, and this is an exceedingly important fact to keep in mind.

At one o'clock the committee took recess.

Supply—National Defence

The committee resumed at three o'clock.

Mr. Claxton: Mr. Chairman, when the committee rose this morning I was replying to the remarks of the leader of the opposition. In reference to the suggestion that we have a committee on defence, I think I should say only one thing further.

This suggestion has been put forward time and again, and the answer has been given; but from the proposals that have been made by members of the Conservative opposition, and today by the leader of the opposition, it is perfectly obvious that in effect what is wanted is a committee on defence, representative of all groups in the house, which of course would have power to send for witnesses and then, having examined into the situation, make recommendations which would have the effect of determining the size and proportions of the forces and the type and suitability of equipment. I think those words were used by the leader of the opposition this morning. In other words ultimately this parliamentary committee in effect would have to do with the management of our defence forces and their administration and planning, as is the case in some ways in the United States, rather than that being done ultimately, as it is now in Canada, by the cabinet itself, with a responsible minister.

Mr. Drew: If the answer to the request is to be that there can be no committee, I do not want it based upon any misconception of what I said. I thought I had made it abundantly clear that this committee would be similar to other standing committees, and that the most it could do would be to examine the facts and make those facts available to hon. members. I need not interject any further comments in regard to the set-up of the committee, but I want it made abundantly clear that I do not suggest that our ordinary parliamentary system be varied in any way. I am simply suggesting that there be a standing committee which can inquire and report. I recognize, and certainly would never vary my position in that respect, that under our system the government must assume responsibility for the decision finally made.

Mr. Claxton: I am glad to have that explanation, Mr. Chairman, but it does not alter the argument I was making, which was related to the sum total of all the suggestions that have been made in this connection, from which I suggest the conclusion is that the ultimate result would be as I have indicated. That, of course, we believe to be quite foreign to our system. If it does not amount to that now, it would amount to it in time, because it would be the result of that kind of examination, study and consideration.

There are just one or two further points I should like to mention. The only references the leader of the opposition made to the white paper in a critical sense were to paragraphs 65 and 72, where we refer to the progress made in unification and co-ordination. Even there he did not argue against these, but questioned to what extent they were true. Well, I think it must be evident from information available to hon. members with regard to the organization of the department as a single department with a single minister, a single deputy and a single set of appropriations; the organization of the services within a single department and subject to a single minister; the arrangements for interservice co-operation through the three major committees, the chiefs of staff committee, the personnel members committee and the principal supply officers committee; the organization for dealing with major matters of defence administration through the defence council; the integration of the activities of defence research into the work of the department and the co-ordination effected through membership of the chiefs of staff on the defence research board and the membership of the chairman of the defence research board or the chiefs of staff committee; the joining together of some fourteen or fifteen operations of the three services so they are performed by a single service for all three; the elimination of duplication of services in such matters as motor transport, supply and medical services; the keying of all this into the cabinet through the cabinet defence committee, as well as co-ordination with other government departments through such agencies as Canadian Commercial Corporation as the only purchasing agency—in all these respects Canada has made very substantial progress in unification and co-ordination, which we believe justifies the claim that has been made.

The fact is that in most of these respects such progress as has been made in other countries has followed, in point of time, that made here. Further, in the tri-service cadet college plan now in effect we are endeavouring to achieve a co-operative attitude through having cadet officers in all three services train together.

The next point mentioned by the leader of the opposition was the defence bill, which he referred to as a very important measure; and so it is. It is now before the banking and commerce committee in the other place, where good progress is being made. Whether or not it is dealt with by this house this session will depend upon the progress made both in the other place and in this house. How this bill should be dealt with of course will rest with the house, but when it went before the Senate I ventured to suggest that

it might be found appropriate to deal with it in a committee, and that course is being followed. I have not discussed the question with my colleagues, but that is my view of the right way to deal with the matter, namely, to refer this measure to a committee, in the way that complicated and technical legislation usually is dealt with.

The hon. gentleman asked some questions and made some comments about the state of the reserve units, saying that it was not the strengths which were important so much as the extent of the training that was being carried on. I have here some figures for the reserve army showing total strengths and effective strengths for the years from 1926-27 to 1938-39. They show that the percentage of personnel training over that period before the second world war was 64·04 per cent. I have also the figures showing the total strength and the effective strengths for the years since the second world war, the four years from 1945 to March 31, 1949. They show the percentage training at 86·4 per cent, a very substantial improvement over anything that was done before the war. And I may add that the figures for the current year, beginning April 1, 1949, which are of course preliminary, show 92·2 per cent are training, which I believe is the highest percentage in the entire period I have here.

If we add to the effective strength of the army reserve the numbers of men now in training with the C.O.T.C., as we certainly may from the point of view of effective preparedness, we have a total of some 40,000 or 41,000 in the army alone. That, I submit, is higher than any year under review except the year immediately before the war, 1938-39. Considering it is only four years after the termination of the second world war, it is a result which is encouraging. Don't think we are complacent about this position. We believe we need more men in the reserve army. As I indicated earlier in my remarks, we would like to see another 10,000 just as soon as we can get them, and we are bending every effort to get them.

This figure of 40,000 or 41,000 men in training in the reserve and C.O.T.C. may be compared with the figures for the United Kingdom as at September 29, 1949. These figures were disclosed in an answer in parliament, and show that the United Kingdom had 79,400, which includes 9,060 women. On a basis proportionate to population, therefore, Canada has twice as many men in the reserve army today as there are in the territorial army of the United Kingdom.

Turning now to the navy and the air force: As of July 31, 1949, there were 2,253 active personnel in the air force reserve and the number has increased since. That is much greater than at any time up to 1939. The figure for the navy is 4,404, and that again is several times greater than the corresponding figure for any year up to the outbreak of the second world war.

There are hon. members who are quite familiar, from their own experience, with the type of training that is being carried on in the reserve forces; the clothing and equipment issued, the pay and allowances, the administration and training staffs and the arrangements at camps and on courses. I am sure that every one of them will support the view which I have heard expressed by reserve army officers and men—I meet the representatives of the reserve army through the defence associations—that the reserve army is an even better outfit than it was before the second world war.

I believe a question was asked by the member for Nanaimo (Mr. Pearkes) as to the expenditure made on the reserve army. These estimates provide for an expenditure for the current fiscal year of $14,364,739 on the reserve forces and $1,711,111 on the cadet forces. These figures, however, must be read subject to a condition which is well known to hon. members familiar with the subject, and that is that all components of the active forces, from the chiefs of staff down, contribute in some way or other to the work of the reserves. Every part of the navy contributes to the work of the reserve because a large portion of the reserve navy goes to sea in ships that are manned by the active navy, and the cost of operation of which comes out of the vote for the active navy. The same thing applies to the air force auxiliary. To run an auxiliary squadron requires approximately 50 officers and men of the regular force, and requires an expenditure of approximately $600,000 per annum. All the pay and allowances and related expenditures applicable to the full-time officers and men come out of the items allocated to the regular forces. Even the costs of the operation of the auxiliary units come out of the costs of the regular forces to some considerable extent.

Altogether we are spending on the reserve forces directly today considerably more than we were spending on all defence in the years before the war. I do want to emphasize again the importance the reserve forces have in the mind of the government and its advisers. We regard those forces as forming with the active forces part of one navy, one army and one air force, which together constitute a team preparing to be capable of defending Canada if that defence should be needed. I should like to emphasize the fact that, at any given moment, the estimate of potential risk

of attack must be taken into consideration in appreciating whether or not our forces are sufficient to do that particular job. Though they may be considered adequate for one particular operation, they must be always considered together with other forces which are in various stages of training, equipping and at different strengths. What we are aiming at is what we are best able to get with the men and money available to do the job at any particular moment.

Mr. Charlton: On a question of privilege, Mr. Chairman, I should like to draw to your attention, and through you, sir, to the members of the house, that in the galleries there are one hundred representatives of boys' and girls' agricultural colleges from across Canada, comprising a total membership of approximately 50,000. These boys and girls are all winners in their own provinces, and have been competing at the Royal Winter fair this week for dominion honours in their respective fields.

Mr. Claxton: I hope many of them will join the reserve or active forces.

Mr. Lennard: Will the minister tell us what proportion of the 41,000 men in the reserve army are in the ranks?

Mr. Claxton: I shall have that breakdown for the hon. member in a moment.

Mr. Fraser: What is being done towards making the armouries across the country more suitable for the mechanized units which we have today? Most of the armouries were built for infantry units, and now that we have mechanized units the vehicles in many cases cannot get through the doors. Will the minister say what is being done in that connection?

Mr. Claxton: Where it is possible structurally, the doors are being enlarged so that the vehicles can get through. In other localities it has been possible to take over temporary buildings that were erected in the neighbourhood of the main armoury and use them for vehicles; in some places we have leased buildings just for vehicles; and in a number of places there is no accommodation and the vehicles must remain outside. In those cases of course they are suitably greased to diminish the rate of deterioration owing to the weather. But the fact that we need and have so many vehicles and so much wheeled equipment in the modern active and reserve forces has led to an enormous problem with regard to accommodation. We have increased floor space by 70 per cent for the reserve forces in the last ten years but that, I am afraid, is not nearly enough, and we should continue a considerable program of construction.

[Mr. Claxton.]

Mr. Fraser: I just wondered if it would not be possible for the minister's department, in my own city of Peterborough, to see that a suitable garage was put up for those vehicles.

Mr. Claxton: I will look into the matter.

Mr. Fraser: It takes a man quite some time to get them in shape before they can go out into operation, and it would save a great deal of the men's time; and I think it would help a good deal.

Mr. Claxton: To answer the hon. member who asked for a breakdown of officers and other ranks, I may say that I have not here the breakdown related to the same total I gave him, but I have it related to another total which I will now give him. At July 31, 1949, there were in the reserve army 5,554 officers; there were 32,805 other ranks and there were approximately 2,500 members of the C.O.T.C.

Mr. Lennard: How many were privates? I do not want the number of other ranks. I want to know how many were privates.

Mr. Claxton: We would have to get that information for the hon. member.

Mr. Macdonnell (Greenwood): Did I understand the minister to say that, with respect to the forthcoming bill, he was disposed to recommend that it be referred to a committee?

Mr. Claxton: Yes.

Mr. Macdonnell (Greenwood): Then I am going to ask the minister if he will explain to us how he distinguishes so definitely between the reference of that bill to a committee and the creation of a committee to deal with other things that my leader referred to this morning. Before I take my seat I just want to say that, having been struck by the excellence of the argument that the minister, as a private member, had made some six years ago, I looked up the recantations which he has made since; and I am bound to say that the difference between the two seemed to me to be like the difference between a trumpet note which was sounded in 1943 and a rather quavering and uncertain note which he sounds in 1946 and again in 1949. I am not going to take the time of the committee to read them, but I suggest to the minister that he might think this matter over further, and I am going to make this further suggestion. I can quite realize that it may make some extra work for the minister and also that when in power a man thinks differently from the way he thinks as a private member. Nevertheless I think that this is a thing which should not be lightly disregarded, and I am hoping that, when the minister has a chance to think the matter over further, he may come to the conclusion that the same

line of argument that is moving him to have a committee in connection with this bill may be carried further.

Mr. Claxton: In reply to the hon. member for Greenwood, may I say that I dealt with this on two previous occasions. It is made plain by the situation in the United Kingdom. In that country there are five committees lettered from A to E. None of the committees has any special function. Important matters of legislation are referred to one or other of the committees by the Speaker almost as a matter of course. With that practice I am in full accord. When a matter such as the defence bill, consisting of 251 sections and replacing some 500 or 600 sections, is before the house, it can most effectively be dealt with before a committee. That is the place where drafting changes and the like can be made. I should be glad indeed to see followed here the practice that is followed there, when that seems to be the suitable course; and that is the course ordinarily followed in the house. But in the United Kingdom and in the other countries of the commonwealth they have not these functional committees, committees with special functions; and when they have had committees on estimates, they have generally dropped them because they found them to be unsatisfactory.

Mr. Macdonnell (Greenwood): May I venture to warn the minister against slavish imitation of things British and may I suggest to him also that there may be useful hints which we can obtain by observing things there.

Mr. Claxton: I quite agree. But I think that the British parliamentary system is the best we know.

Mr. Cruickshank: May I ask the minister a question? I am not going back on what the minister has said or may have said through *Maclean's* magazine a few years ago, because I am proud of the fact that the minister does not stay stagnant like certain people and certain parties I could mention. He is willing to adapt himself to present conditions. I should like to ask the minister this question. He need not answer it now but I should like to have it answered on the estimates. What was the cost of the Abbotsford airport? What is to be done with it in the future? Why is it not being utilized at the present time, particularly as it is the best airport in western Canada and particularly as, under the suggestion of the leader of the opposition, it may not at any time belong to a certain other power? I should like to know why it is not being utilized. I do not expect the minister to answer that question now.

Mr. Claxton: I shall be glad to look into that matter.

Mr. G. M. Murray (Cariboo): Has the minister made plans for extending the air service on the northwest staging route? In that connection, coming as I do from that great country serviced by the Alaska highway, I think it is only right to make reference here this afternoon to "Exercise Eagle". Some criticism has been offered as to the expense of Exercise Eagle and with regard to holding that great demonstration of air power which was held within my riding at the Peace river bridge on the Alaska highway. Hon. members have today been challenged by the leader of the opposition. They have been asked if they know whether money is being well spent for the Department of National Defence throughout the country. Hon. members have been asked if, from their own experience, they can say that there has been efficiency in the expending of these huge sums of money. Coming as I do from that part of the country, I should like to say that Exercise Eagle was a tremendous spectacle. You will pardon me, Mr. Chairman, if I mention this matter because I am the only member of this committee who was present at Exercise Eagle in the middle of last summer, the summer of 1949. I saw those planes coming in from the south, the transports bearing Canadian paratroopers. Of course it was all a theoretical business of capturing the airport, taking the bridge, cutting off supplies and so forth, a field in which I do not claim to have any expert knowledge.

I saw the transports coming in from the direction of Edmonton sharply at five o'clock in the morning, over the top of the Peace river and over the bridge. I saw 160 young Canadians leap out into the air, hit the silk and come down in the course of that exercise over very tough terrain, over the top of the mighty Peace river bridge itself. Not one of the 160 young men was injured in the fall. With them came their paraphernalia and equipment. Later out of the clouds came the great transports towing gliders. These gliders were cut loose and slid down to a resting place. From the gliders great trucks, tanks, jeeps and other equipment deployed. I must say to you, Mr. Chairman, and to hon. members that it was a spectacular thing and an historic thing for Canada. All these young men who were taking part were largely volunteers who were taking up flying and aviation purely as a work of love. They had volunteered to come out and take part in that great exercise which was called Exercise Eagle. The minister must have taken the

name from the Bible because there is a passage in Deuteronomy which reads as follows:

> As an eagle stirreth up her nest, fluttereth over her young, spreadeth abroad her wings, taketh them, beareth them on her wings;

These lines from Holy Writ are appropriate. So also are the verses which follow in the 32nd chapter describing as they do a land of promise such as may be found in the Peace river valley. The minister did a splendid thing in organizing this great exercise for the "young eagles" of the R.C.A.F.

I was present also at Exercise Musk-Ox because it was largely conducted through the top part of Canada and in my riding. I am sure that the military men of this country and of our allies received a great deal of information from that exercise and from Exercise Eagle and from other exercises which are conducted on the Alaska highway in northern British Columbia, the Yukon and Alaska. There they are working out a plan for the security and safety of the hemisphere upon which we live.

Mr. Claxton: Mr. Chairman, I appreciate most warmly, as I think most hon. members in all parts of the house do, the remarks of the hon. member for Cariboo. In reply to his question, it will be found at page 201 of the estimates this year that we are planning to spend $9,217,166 on the northwest staging route, and $7,567,283 on the northwest highway system. While these are of great military advantage to Canada, the principal user of both systems at the present time is the United States of America. The American forces, both army and air, use the highway and the staging route extensively. Therefore these constitute a substantial contribution by Canada to joint defence. There is no present intention of enlarging either operation, but we do plan to continue the replacement of temporary structures by permanent structures in accordance with the program that is already commenced.

It is a happy coincidence, Mr. Chairman, that as we are discussing the defence estimates of our country this house should be graced by the presence of one of the great soldiers of the commonwealth, Field Marshal Earl Wavell who, as a soldier, statesman and scholar, has rendered service to his own country, to the commonwealth and to the world.

Mr. D. S. Harkness (Calgary East): I should like to comment briefly on some of the statements the minister has made in reply to remarks and criticism from this side of the house. In regard to recruiting he said on Friday last that recruits were coming in at the planned rate. If that be true I can only say that the plan must have changed considerably over the course of the last three years; otherwise there is something wrong with the plan.

When our defence forces were first projected in 1945 we were at that time supposed to begin with a permanent force of 50,000 men in the three services. This was subsequently cut down and we were assured in 1946, as I remember, that these forces would be built up; they would be in being in a short time. During the last three years it still has not been possible to fill up the numbers of the reduced establishment which was decided upon. Therefore if it was planned that they should not be filled up before this time we should have been told about it two or three years ago and not at this time; because we were given to understand then that the numbers in all three services would be filled up just as rapidly as possible. That is what we were always given to understand.

Then there is the matter of civil defence. The minister said that the instituting of civil defence plans or projects of any kind was a matter of timing. Perhaps we can agree with that. It is a matter of timing so far as going after them on a full-scale basis is concerned. However, I do not think that the idea apparently held by the government that there is not going to be any immediate need for civilian defence plans to be put into operation —in other words, they do not envisage a war immediately—should be a reason why practically nothing is done in the matter. It seems to me that a great deal more could be done along the lines which I suggested last Friday than has been done without running the risk which the minister seemed to envisage of the civilians who take part in these plans becoming tired and losing interest in them and the whole organization going to pieces. At that time the minister said that we could improvise a plan with the information which is on hand and put it into effect in a matter of hours. If the minister thinks the matter over I believe he will want to revise that statement. I do not think it would be possible to put a plan of that sort into effect in a matter of hours, no matter how well the plan was worked out. If it is the basic idea of the minister and the department to improvise these civilian defence plans and put them into operation in a matter of hours, then they need to recast their ideas along that line.

In connection with some remarks I made to the effect that in my opinion the military organization of this country was top-heavy and there were far too many officers and men

at national defence headquarters and command headquarters and so on across the country, the minister merely had this to say: in the United States and in Great Britain they had similar difficulties. He said at page 1701 of *Hansard*:

> However, in making comparisons with the forces of other countries, I do not think we are in any respect worse off, with regard to either the overhead or the proportion of civilians.

That is apart altogether from the point I made and which I should like to emphasize. I said that we have such a large proportion of our actual forces in these headquarters' jobs of one sort and another, and in administrative work, that we have practically no fighting forces left. To begin with, the number of fighting units is small, and up to the present they have been very badly under strength, largely because we have such a top-heavy command and administrative organization. To say that other countries have the same difficulties, and that we are no worse off as to the overhead in proportion to civilians, is not the answer. On a proportionate basis I think we are much worse off than either the United States or Great Britain. I know that the proportion of people engaged in these command and headquarters duties is not nearly as great in these other countries in relation to the total number of forces they have.

This morning the minister said there was no more information given in the United States on defence matters than is given here, despite the existence of their defence committee. I do not know on what basis he makes that statement. My personal experience has been that I get a better idea and more detailed information from reading American news magazines and other publications from that country as to the American defence set-up —the number of squadrons of aircraft in operation, and the like—than anyone can get from the questioning which goes on in the House of Commons concerning Canadian forces. Whether it is as a result of their committee, I do not know—I think it is, of course —the fact remains that merely from news sources the amount of information given in the United States is considerably greater than the amount given in this country.

The minister has said a great deal this afternoon about the reserve forces, and the number of men in training in those forces. As was pointed out this morning by the leader of the opposition, the total number of men on the roll and the total number reported as training are misleading pieces of information. The minister has had some experience with reserve force units, and I have been connected with them for many years. We know there are always a considerable number of men who during an entire course of winter training will attend only three or four evenings. However, they are on the roll and are reported as training when they attend. I should like to know on what basis the percentages given by the minister were made up. What does training mean when applied in this way? Does it refer to the man who takes one night's training in a year, or the man who comes three or four nights; or does it mean the man who has attended on at least 80 per cent of training parades and who has gone to camp? Simply to say that 86 per cent of the men have actually been in training since the war does not convey a thing, unless we have this background information. My personal experience has been that the rolls are not made up as meticulously as one might wish.

I have one other point to mention, namely the state of training and equipment of our active force army units. This morning the minister said that the P.P.C.L.I. has equipment and training suitable for present-day fighting, and that they would be sufficient for any task envisaged. Does the minister mean by that that he considers one battalion is sufficient, so far as the army is concerned, to prevent any diversionary raid which we are told in the white paper, and have been told at other times, is the only sort of operation we would have to meet immediately at the beginning of any hostilities which might break out?

If so, let me say that I would disagree profoundly with the minister. I do not think one battalion in the whole of Canada is sufficient for that purpose. I would ask the minister if there are planes available to transport that battalion. Secondly, has the battalion the parachutes required to make landings? Does the minister consider that that one battalion, from its present headquarters, could be transported to any point in Canada at which it might be required rapidly enough to take part in a diversionary raid?

Mr. Claxton: The hon. member has referred to his own remarks about top-heavy administrative staff, and referred to the fact that I had said they were similarly concerned about the same problem in the United States, Great Britain and other countries. I also said we were concerned about the problem here, and that it is one which must be watched and followed up.

I got an interesting suggestion of one way of judging—and it is only one way—just how operational a navy or air force is. The same kind of test does not apply to the army. It is to ascertain the number of hours flying or

the number of days at sea for each man on the total strength of the force, including headquarters and administrative personnel.

I am glad to be able to say that as regards the air force we are doing as many hours flying per month per man on total strength as they are in the United States, and considerably more than the Royal Air Force. We have not comparable figures for the navy, but I am informed that the same is true. The extent to which our forces are operational, when judged in terms of hours of flying or days at sea, is at least comparable with those other two countries.

So far as the army is concerned, it is of course inevitable that in a country of Canada's great extent, and with our rather complicated roles, we should have a relatively high overhead. For example the Canadian army maintains the northwest highway, and the Northwest Territories and Yukon signal services.

The geographical nature of the country, and climate, require that the Canadian army in looking after the reserve has to use a larger proportion of personnel on transport, supply and maintenance work, and the like. However, this is a serious problem and one which must be watched continuously.

The hon. member has suggested that we should do a great deal more by way of civil defence. Of course we are going to do a great deal more. But we do not believe it is the right thing to explode in all directions; we believe the right thing is to arrive at a sound plan at the federal level, discuss it at the provincial and work it out at the municipal. That process is moving on. We do not regard it as likely that an emergency will arise within the course of the next few days, weeks or months; so that my remark about being able to do something quickly should be taken only in conjunction with the fact that we do not consider the risk is great that we shall have to do something quickly. But should we have to do it, we shall be able to set up some machinery, because we have done a good deal of the early planning. From now on we are moving through the various stages I have mentioned. I was glad to hear the hon. member seemed to agree at least tentatively with the suggestion I threw out, that it might not be a good thing at this stage to get right down to the block organization.

With regard to recruiting, no one ever said or suggested that our armed forces would be brought up to strength at the stroke of a pen. We have had campaigns in order to arouse interest and they have been successful. We have got recruits at the rate we wanted them in order to keep our training establishments going at capacity. If we were to get recruits faster than that we would have to increase our training establishments which would force us to curtail their activities when we were up to what we considered was the strength we should have at that particular time.

The hon. member referred to the establishment set-up in 1946. Adjustments have been made since then, but the ceiling for the navy, army and air force at which we are now aiming is approximately the same as the establishment set out in 1946. Of that we now have 89 per cent. We are taking some recruits for the navy, but others are being delayed, and unless the present ceilings are increased, similar situations will develop in the army and air force at some period during 1950.

If we were to get a great flood of recruits we would have to meet it as an emergency, set up new training establishments, take men out of the active forces to do the job of training and otherwise interfere with the planned progress that we are aiming at in the building up of our active force and the reserve force. When I refer to the figure of 688 per month which we are now getting as a satisfactory rate of increase for the active forces I mean that with that figure we can keep our training establishments working at capacity. On the present basis we would probably be reducing the number of people we would accept.

The hon. member asked what test was applied to training in the reserve forces. The test of training is applied by the general officer commanding the commands and the area commanders in accordance with instructions from headquarters. The tests are much stricter than they were before the war and they are such as are necessary to enable the unit to qualify for the pay which is based upon and related to the number of men under training. We have in the reserve forces at the present time 1,200 senior officers who are taking command courses. I do not think there is a reserve unit across the country that has not N.C.O. and specialist courses. That training will be extended and developed as different stages are reached, but at the present time it is being carried on on a basis which I am informed is better than what was in effect before the war. I was not in the reserve just before the war, being in it only after the great war. In my discussions with representatives of the various reserve associations they have by and large expressed themselves as being satisfied with regard to the various points I mentioned in my earlier remarks.

I was asked what I meant when I said that the P.P.C.L.I. could deal with the situation. I meant that we calculate that one battalion of the P.P.C.L.I. in the state of training

it is and equipped as it is, plus the other units in the state of training and equipped as they are, both active and reserve, would be sufficient to deal with any situation that is likely to arise at once. But of course the position will become more threatening and ominous as time goes on and therefore we shall be required to continue our training and equipping along the lines I have indicated. I did not mean for one second that the P.P.C.L.I. alone could deal with any situation.

With regard to planes to carry our men, we have a sufficient number of transport planes to enable the P.P.C.L.I. and the other airborne troops we have trained to do the job that is considered necessary at the present time. I do not say for one second that the North Stars, Dakotas and the like that we have are ideal planes for the purpose, because they certainly are not. We should like to have something like the United States C-119 Packet, but I understand that they are not in active production at the moment. We do not see that that should come first in the order of priority for the expenditure of United States funds when each plane with the spares and equipment necessary to last a year would cost close to one million dollars. The P.P.C.L.I. have the necessary parachutes.

Mr. W. J. Henderson (Kingston City): Mr. Chairman, since I represent the constituency of Kingston City where I believe there is probably the greatest collection of military personnel in Canada—who include the R.M.C., the staff college, the defence college, the Royal Canadian Corps of Signals, headquarters for R.C.E.M.E. and the Prince of Wales' Own Regiment, which is the reserve regiment, along with other services, I think it is proper that I should say a word or two today. After the hon. member for Cariboo has given us such a vivid picture of Exercise Eagle, or our army in the air, I think someone should say a word as far as the army on the ground is concerned.

I was in Kingston a week ago when Remembrance day was celebrated. During the parade I think the active and reserve units demonstrated that they have been efficiently trained by their officers. They showed that without doubt the training of the units in that district is being looked after in the proper manner.

While Exercise Eagle was held in the constituency of Cariboo I want to mention that it was my privilege this summer to attend Exercise Puncher which was held at Petawawa camp under Major General Foulkes. It was my privilege to go there with the sixth brigade headquarters from Kingston. Immediately on arrival at Petawawa camp we were briefed by the officer in charge and then sent out to work from the divisional level right down to the battalion level. The signals corps from Kingston had something over one hundred vehicles and well over two hundred of personnel. They handled headquarters signals from the divisional level down. The officers and men in all formations were assisted by the A.T. staff. They worked for three or four days and were on twenty-four hour duty as though they were actually in action, as many of them had been. It was not only a revival of the training which the average officer and man who had been in action in the recent war had received; but they were also instructed as to modern tactics of warfare. They were also under the guidance of very capable staff throughout the tactical scheme. Today, when the question has been put to us as to whether our money is being well spent on reserve training, I think it only fair to the department and those in charge of the summer camp at Petawawa this year that they should be complimented on their work, their intelligence and their industry in training our reserve forces.

Mr. W. Ross Thatcher (Moose Jaw): There are one or two items generally which are troubling me. I am not setting myself up as a critic of the estimates, because in a general way I think the minister is doing a pretty good job, but in listening to the debate today I was struck by some figures that were mentioned. This morning, for instance, the leader of the opposition stated that in 1935 we spent approximately $14 million for defence. In 1948-49 we spent some $252 million, and this year as I understand our estimates are up a little more than fifty per cent. In other words, taking in the supplementary estimates and the like, I suppose we shall spend about $400 million this year.

I want to say at once that I do not know whether such an amount is too much or too little. If war is imminent I suppose it is too little; but what worries me is this. Since coming to Ottawa I have heard the Prime Minister say he does not think war is likely, at least during the life of this parliament. As the defence minister mentioned, Lord Wavell is visiting this city. Just before I came into the house I was reading a statement made by Lord Wavell several days ago, which I imagine must have shaken this parliament. Let me quote just one or two lines:

> . . . Wavell said that he had been in Russia about two years in all, and he felt he knew the Russian people . . . Lord Wavell said he felt the Russians would not start a war of aggression . . .

Then he went on to point out, as hon. members know, that he felt Germany was the threat for the future, rather than Russia. Just before coming into the house I spoke to a young airman who had just returned from taking part in the Berlin airlift, and he was of the same opinion, that perhaps we were worrying too much about Russia and not enough about Germany.

If those are the facts—and I suppose Wavell could be considered an expert—perhaps we are spending too much on defence. As I say, I do not know; but I am concerned about it. Our estimates for defence are up fifty per cent over a year ago, if I understand the position correctly. I picked up a newspaper yesterday; I do not recall which one it was. It had pictures of some jet fighters that Canada was building; but according to the newspaper report those fighters were obsolete even before they came off the assembly line. Is Canada in danger of building a lot of equipment which will be obsolete before we have any use for it? It may not be likely, but there is that possibility. I am sure the minister is keeping such a danger in mind, but I believe parliament must remember that the huge revenues we have had for the last several years may not last forever. Such a heavy defence bill could become a real burden if our revenues dropped substantially. They would be an almost impossible burden. I believe last month Britain cut its defence expenditures drastically. I am not suggesting we do the same thing at this moment, because I do not know the facts, but I believe it is something we should keep in mind.

Our defence estimates are away up this year. I wish the minister would tell us—if he knows—what we are going to do next year. Is there going to be another fifty per cent increase then? These estimates put me in a quandary, I admit quite frankly. I have no recommendations to make, but they do trouble me.

Mr. Claxton: All I can say is that if you want larger active forces or more equipment, then next year the defence estimates will be larger, unless we can take the money out of defence construction or some other item of expenditure; because we are providing what forces we can with the money voted under this appropriation.

With regard to the newspaper assertion that the jet fighters we are building are obsolete, let me deny that at once. I am not an expert in aircraft production, but I am assured that the two types of jet aircraft we are working on in Canada for military purposes—the F-86 being built by Canadair Limited and the XC-100—not only are not obsolete in any sense, but are the very latest. The F-86 is the latest plane of its type, while the XC-100, if it is successful, will be well in advance of similar developments going on in other countries. There is one sense, perhaps, in which the newspaper account may be correct. It is often said that every plane is obsolete as soon as the first one comes off the production line. That is said in this sense, that by that time there are planes on the drawing boards or at various stages of development and production which will supersede the one actually being produced. In that sense it is almost always correct to say that the pioneers, the inventors, the industrial engineers and others are working on something in advance of what we have.

Mr. McLure: I want to ask a question under these estimates concerning the new armoury in Charlottetown. For some little time we have been promised a new building there, and now that this opportunity has presented itself I should like to find out from the minister when that construction will be proceeded with.

Mr. Claxton: I was there myself during the summer and saw the situation. We have moved one of the major units out of the existing armoury into what was called the gun park or the transport park, and that has relieved the congestion in the old armoury. I am also trying to arrange the transfer from the air force of some buildings which can be used by outlying companies of the various units in Prince Edward Island. In time we hope to have a new naval reserve building in Charlottetown. We need new buildings for naval reserve divisions at only three or four places across Canada, and Charlottetown is certainly one of them.

Mr. Isnor: Coming from Halifax I am interested in the item which deals with fire fighting. As the minister will recall, during world war I Halifax suffered an explosion which caused the death of 1,600 persons and the destruction of a great deal of property. Again in world war II we had an explosion which caused damage running into millions of dollars. I would appreciate it if the minister would be good enough to explain this item dealing with fire fighting in order to let the house, and more particularly the people of Halifax who are interested in this matter, know what is proposed in the way of greater fire protection for that section of the country.

Mr. Claxton: Fire fighting during the war and since has been done in different ways in the three services. In the air force it was found necessary to have service personnel attend to fire fighting because of the specially hazardous nature of the job they had to do in connection with crashed and burning aircraft. Similar considerations prevailed in the

case of the navy. In order to arrive at a plan that would be reasonably uniform we translated the civilian fire fighters into service personnel, enlisting the civilians wherever they were suitable. In places like Halifax, Esquimalt and so on, we have considerable quantities of equipment and trained personnel which are available to look after fires occurring to service ships or properties. They are also there as a reserve for civilian needs if the civilian fire fighters are not sufficient. At such places, too, the service fire fighting service is backed up by a reserve of the civilian firefighters where necessary; they work closely together.

Mr. Isnor: Is the minister in a position to tell us the numbers in that establishment?

Mr. Claxton: There are 274 in the naval force divided into seven naval bases. The largest number is in Halifax.

Mr. Isnor: How many would there be in Halifax?

Mr. Claxton: Seventy-eight are in Halifax.

Mr. Thatcher: Will the minister answer the question I asked a moment ago? Has the general staff consulted at all on the statement which Lord Wavell made a few days ago? Will there be any readjustment of defence efforts as a result of it? I do not know whether the minister is in a position to answer those question, but will he comment on the statement?

Mr. Claxton: It is extremely difficult to answer or comment upon the statements that are made about Russia in every part of the world at almost every hour of the day. Yesterday a number of statements were made in this house about Russia. Lord Wavell is a person of great distinction who has had experience in Russia. He is not here in any official capacity but we are very glad to see him. All statements relative to Russia must be considered in the light of all other statements relative to Russia.

Mr. Knowles: According to the details for this item given on page 196, it includes grants for rifle associations. Can the minister say whether, at any time in the past, a portion of that grant has been given to civilian rifle associations? Then, can he say whether such is the case now, and if it is not is consideration being given to including civilian rifle associations within the provision of that portion of the grant?

Mr. Claxton: Those grants are made to the Dominion of Canada Rifle Association and the provincial rifle associations. There are a large number of civilians in those associations as well as men who have retired from the active or reserve forces. They do excellent work. We do not make grants to associations that have no service connections. Those were discontinued a good many years ago. It was found that grants to civilian rifle associations had no service advantage whatever. The men in those associations enjoyed shooting, and no doubt improved the quality of their shooting, but when it came to meeting an emergency it was found that their particular attributes did not eliminate the necessity for military training. They might be great shots, but they still had to be trained as military shots. Consequently, it was not considered by the government of the day or by subsequent governments that there would be any military advantage in making grants to purely civilian associations. As I say, however, all the associations have a large proportion of civilians in them and are definitely affiliated with military associations.

Mr. Knight: Following the question by the senior member for Halifax (Mr. Isnor) about fire protection, I believe the minister will admit that fire protection, particularly in cities, has become an integral part of national defence. This fact becomes more evident as we take a greater interest in aerial warfare. If we are to be faced with atomic warfare, the matter becomes even more important.

In the civilian field, one sees in the press many references to the loss of lives and property due to deficient, insufficient or unworkable fire equipment. It is often the case that the municipality concerned was unable to afford fire fighting equipment which would have provided the necessary protection. I believe this government should place no obstacle in the way of a municipality purchasing such necessary equipment at the cheapest possible price. I do not know to what extent taxes are imposed upon the purchase of such equipment, but I do know that in reply to a question I addressed to the government on the matter I was informed that there are high tariff duties imposed on fire engines entering this country. I should like to suggest to the minister that he use his influence with the ministers of Finance and National Revenue to remove those impediments to the provision of proper equipment by all municipalities.

Mr. Thatcher: I do not like to be persistent, but there is one point upon which I am not clear, and I hope the minister can clear it up. It has to do with the statement by Lord Wavell. In his preliminary remarks, I believe the minister stated that the only possible enemy would be Russia—at least that is the way I understood his statement. Naturally, our expenditures would likely be made with that in mind. Yesterday Lord

Wavell, I believe the former commander-in-chief of the British armies, stated that in his opinion Germany is probably still the enemy to be feared rather than Russia. I am wondering whether the general staff is studying that statement to see what merit there is in it. We might be spending millions of dollars uselessly if Lord Wavell is correct. Can the minister give us that assurance?

Mr. Claxton: The Department of External Affairs and the intelligence branch of the armed forces are studying all such statements. We can see no reason for asking for less money this year because of anything we have heard.

Mr. Jeffery: I should like to draw to the minister's attention the fact that we have an unusual situation in the city of London. There is a large building for the training of troops in the city of London, which is situated on the main street within two blocks of the centre of the city. There is also a naval barracks situated on one of the other main streets, approximately half a block from the centre of the city. Considerable discussion has taken place amongst the citizens of London about the fact that the government is using this valuable land for military purposes. The matter has been referred to me many times.

Has any consideration been given to removing the armoury and naval barracks from their present positions? I should like to point out to the minister that I would not like to see them moved if they were moved to a spot where the army and navy would not receive an adequate amount of publicity, which I believe is necessary for the raising of the number in our armed forces.

Mr. Claxton: London is one of the places in which we feel that, in time, we should have a new naval reserve division building and that is down on the plan. I do not think it is of as high priority as some others but still it is there; and the observation that the hon. member has made will receive consideration. As to the armoury for the army, I shall be glad indeed to give consideration to the point of view expressed by the hon. member.

Mr. Harkness: I was glad to hear the minister's statement of a few minutes ago in connection with what one perhaps might call the role of the P.P.C.L.I. and also the fact that they have all the parachutes which they require. I should like to make it clear that nothing I may have said in connection with the P.P.C.L.I. in particular was ever intended as any reflection upon them in any way. I have only the highest regard for the P.P.C.L.I., for their state of training, what I have seen of it, their general morale and so forth. As a matter of fact, I am an honorary member of their mess. As I say, my relations with them are most cordial and certainly I am filled with admiration for them.

As to the matter of recruiting, the minister said that nobody ever envisaged that our national defence forces would be filled up and the recruiting required done, as he expressed it, with the stroke of a pen. I should like to remind him that a period of between three and four years cannot, by any stretch of the imagination, be looked upon as just the stroke of a pen. This has been quite a long period of time. As far as I can see, the relative numbers in the army at least have been growing extremely slowly. There has not been a great increase, from year to year, during these past three years.

The minister also said, I think at another time, that our active forces were something like 89 per cent of establishment and that the establishment is close to what the original plan was, which, as I have mentioned, was supposed to be some 50,000 men. As I remember, some 25,000 of those 50,000 were put in the army; and as I have understood ever since, that number—the target, we might say, for the army—has been cut down to something in the neighbourhood of approximately 18,000 and still remains there. When the minister mentions 89 per cent, I should like to ask him if that is 89 per cent of 18,000 or 89 per cent of 25,000.

Mr. Claxton: The figures are given at paragraphs 91, and following, of the statement. Perhaps I might put them on *Hansard*:

91. In 1946 it was announced that the post-war establishment of the three armed services would be 51,100 officers and men. The navy was fixed at 10,000 the army at 25,000 and the air force at 16,100. In preparing the estimates at the beginning of 1947, the target was set at 75 per cent of these figures—a total of 38,325. At that time the strength of the forces was 32,610, which included a number of officers and men enlisted for the duration only. By September 30, 1947, all the forces had been put on a permanent basis.

92. Today the establishments for the three services total 50,359 or about the same as the 100 per cent figure announced in 1946. These establishments are changed from time to time to meet changing needs.

93. As at September 30, 1949, the total strength of the three services was 45,159, representing 89 per cent of the present establishment and well over the target set at the beginning of 1947.

Then I deal with the navy. The hon. member for Calgary East is particularly interested in the army.

95. The Canadian army, active force, with the present establishment of 23,034, has a total strength of 19,931. At the present rate of net increase, it is expected that the army will reach its establishment by September, 1950.

Then in reply to the suggestion that the numbers are not increasing very much, there is this statement:

98. During the twelve months ending September 30, 1949, we took in a total of 12,267 officers and men and released 4,006 by retirements, discharges, etc., leaving a net increase of 8,261. The average net increase was 688 per month.

For a country the size of Canada, I think at this time that is a respectable figure.

As to the situation with regard to the reserves, I have just asked for the position in Calgary itself and find that this year the strength of the reserve forces has increased by 17·1 per cent over last year, reflecting great credit on the units of Calgary.

Item agreed to.

Demobilization and reconversion—

250. To provide for the defence forces of the navy, army and air services, and to authorize total commitments for this purpose of $547,497,388, including authority, notwithstanding section 29 of the Consolidated Revenue and Audit Act, to make commitments for the current year of $401,942,006, and commitments for future years of $145,555,382, against which commitments it is estimated that actual expenditures in 1949-50 will not exceed $339,442,006.

Mr. G. R. Pearkes (Nanaimo): Under this item I think the Minister of National Defence has given the example of unification perhaps to an almost exaggerated extent. Under item 250, which carries the rather extraordinary title of "Demobilization and Reconversion", the immense sum of $339,442,006 is placed under one item. That covers training, organization and administration of the navy, the army and the air force as well as all the various other items of interest, such as the northwest highway system, the northwest staging system, and the search and rescue organization of the air force. But the process by which this unification was arrived at is found in the details set forth at pages 197 to 201. When the minister was speaking on November 11, he made this statement, and I am leaving out the words which do not apply; but they do not change the meaning in any way. As reported at page 1701 of *Hansard,* he said:

. . . it would be interesting indeed to hear suggestions that . . . the relative proportion as between the three services is not correct . . . but such suggestions have not been made during this discussion, as far as I know.

I propose to deal with that subject now and to make some definite recommendations as to the proportions of the amount of money which is being spent on the various services.

Just to keep the record straight I must call the committee's attention to the fact that earlier, on November 11, I made this statement, as reported at page 1669 of *Hansard*:

Surely we are not putting the emphasis in the right place in providing reserves and the expansion which is so essential.

Then I went on to say:

I suggest that if we are again to rely upon the expansion of essential forces we have to place emphasis where it is most needed in order to carry out the policy announced by the minister of meeting the enemy as far away from Canada as possible. That is not what is being done under the present policy.

No doubt it is better to discuss that policy under this particular item, but I did just want to refer to what I said on that occasion, because I went to some considerable length, I think, in pointing out that the weakness in our defence forces existed in the weakness of our Royal Canadian Air Force, and the reserves that were being made available as replacements for that particular service. I consider that the lack of R.C.A.F. reserves is the weakest point in our whole defence armour.

I intend now to try and emphasize that point and to show how we should re-allocate the amount of money which is being made available under this item for the training, organization, administration and maintenance of all the three services so that the people of Canada may get better value for the amount of money that is being spent.

Reference has been made to the so-called white paper. This morning the leader of the opposition referred to the objectives which were set for Canada. On page 11 of the white paper, paragraph 19, the following appears, which was read in part by the leader of the opposition:

The only kind of war which would involve Canada would be a war in which communism was seeking to dominate the free nations, in other words, a war in which we would be fighting for the one thing which we value more than life itself, and that is our freedom as a nation and our freedom as people.

On page 12 we find this:

Canada's services should be planned and executed so as to enable us to meet an attack upon the scale that would be likely to be made at any given time as part of a war involving the north Atlantic treaty powers.

Such an attack could only be launched by air or sea.

Farther up the page there is this sentence:

The most likely kind of attack from outside on Canada . . . in the foreseeable future would be in the form of diversionary raids.

Whether the only attack from outside Canada might be in the form of a diversionary raid is open to question. It is purely a matter of opinion, because it is a well-known principle of war that force is concentrated against the vital objective at the right time. The most powerful of all the free nations at the present time is the United States of America. If the U.S.S.R. are ever to achieve victory in the foreseeable future they must strike at the United States. The time that

they will decide to strike will be of their choosing. It may be after the war has broken out for some time; it may be after they have lured American and Canadian forces from this continent on some diversionary major operation which is being conducted in Europe; and when defences of this country have been weakened perhaps the forces of the U.S.S.R. would strike at the United States and at Canada. On the other hand, it is quite possible that they might decide to attack their strongest opponent, the strongest country of all the free nations, right at the commencement of operations, at a time that they considered opportune, when for some reason or another, without any open declaration of war, they would decide to commence operations.

It is all very well for this white paper to say, as it does on page 11:

> The best way in which to achieve victory in any war is to defeat the enemy in his own land.

The Russians know that as well as we do. Are we to be the aggressor? I think not. I do not think that there is the slightest chance of this government planning a war—

Mr. Sinnott: Who suggested it?

Mr. Pearkes: I cannot see that there is much likelihood of Canada, in the early stages of a war, being able to reach a decision in the enemy's country. It is very pleasant to say, as the sentence goes on to say:

> The right place to defend Canada and what Canadians believe in is as far away from Canada as possible.

That is a counsel of perfection. Of course we should like to do that. We should like to attack, as far away from Canada as possible, the enemy's forces that are attacking us. But we may not have very much to say about that unless we are going to seize the initiative at once and if the enemy has not taken the first step as an aggressor.

I should like hon. members to consider a map of the world, not the ordinary projection but a global map. If hon. members will look at a global map of the world, particularly the north part, they will see on the other side of the north pole from Canada is the whole republic of Russia. There are two clear-cut approaches across the roof of the world. On our eastern coast, coming from Murmansk over Greenland, and perhaps over Labrador and Newfoundland and on down to the great industrial cities of the eastern United States, is one direct approach. At the other end of our country there is another direct line of approach which is clearly visible to anyone who looks at the global map. One may trace the route from western Siberia, over Alaska and the Yukon and down through northern British Columbia to the great industrial northwestern states. On those two lines of approach there are at the present time a number of undefended air bases in Canadian territory.

Reference has been made to our active force units. Of these we have five, three of which are regular infantry battalions and two reconnaissance battalions. We have been told how one of those infantry battalions has been trained as an airborne unit, and that the others are already receiving instruction in that particular type of operation.

This white paper however lays down that the role of these forces is to repel a raid. They are to be trained in Arctic warfare. I do suggest we should now place some form of active defence on those exposed air bases at Gander and Goose Bay in the east and at Whitehorse in the west, which are just invitations for any raider to come along and drop down at those points. There is no defence there at the present time. Perhaps following up behind there would be a small number of airborne troops in bombers who could land on those undefended airports. Those aircraft could refuel, and be over the great industrial centres in the east and in the west within a comparatively few hours.

Today we are flying heavy transport passenger planes across the Atlantic from Montreal to Scotland. The distance from Siberia to Whitehorse is no greater than that from Canada to Scotland; and in the foreseeable future those distances can be limited to a great extent.

I know the minister will say that Canada is an immense country, and that we have enormous spaces. I know. That makes his problem of defending this huge country an extremely difficult one. But I do suggest to you, sir, that there is only one service which can eliminate time and distance, and that is the air arm. And it is the air arm upon which we should be concentrating today in order to give a defence which is essential, and in order to prevent the possibility of these raids which the minister tells us may come as a diversion in order to carry out the very principle he has enunciated, namely that of meeting the enemy as far away from Canada as possible.

In this white paper he has said the enemy must come by air or by sea. Obviously it must. If it comes by air, and if we are to meet it before it lands its airborne troops, then it is in the air we must meet it. If the enemy is coming by sea, the situation is somewhat different. Mind you, we are told that the one war in which we might possibly become engaged would be a war against communism. We know that the U.S.S.R. have

not a strong surface navy, so there is no great likelihood of large armies being borne across the sea.

I maintain it is in the air that we have the only chance of meeting the only enemy we see far from our Canadian homes. We must take advantage of the great mobility inherent to the air arm. It can move over great spaces, and in its movement eliminate both time and space.

When I examine these estimates, when I examine this white paper, and as I listen to the minister today, I realize the emphasis is not being placed on the air force. Time and time again in answer to questions of hon. members the minister has explained how recruiting has been going on in the army. I admit that the majority of questions have been concerning the army. This only emphasizes the point, however, that members of the House of Commons do not appreciate the supreme importance of the air arm in the defence of Canada at the present time.

I would ask the committee to consider these figures, all of which I have taken from various official publications. We are told at page 24 of the white paper that the active army totals 19,931, and that it is hoped by September of next year to increase that number by another 3,000 to bring it up, as the minister has said, to the objective at which they are aiming. Then, as to the regular air force—and, mind you, please do not think that every airman is a pilot; necessarily there must be a large ground organization to maintain even a few aircraft in the air—we find the strength is 16,356; and by December of next year it is hoped another 2,000 will have been enlisted. This means that by the end of next year the air force will number somewhere around 18,000, and the army around 21,000. The emphasis is not placed on the regular air force.

Someone may say, "Well, there is not a great deal of difference between those numbers." But if an attack is made against this country and is made by air, and if we are to meet it far from our Canadian homes, then the first troops to be employed will be those of the air force. The casualties in the first few days in that force will be much greater than those in any other service. If we are to meet the enemy far from our shores we have to meet him in the air.

Let us now look at the reserve army and the auxiliary air force, and the means existing for the replacement of active personnel. As reported on page 1698 of *Hansard* the minister said that the reserve army had some 39,000, but we are told on page 24 of the white paper that the reserve air force has only 3,086. A total of 39,000 for the army and 3,086 for the air force. I submit that we are not placing the emphasis on the essential arm and that what the minister has allocated in these items is not for the best advantage in carrying out the role enunciated by the government for the defence of this country.

Then I return to the contingents in the universities where we expect to obtain the future leaders. We find that there are some 2,618 cadet officers under training in the army contingents in the universities of Canada, whereas there are only some 699 in the air force contingents. Six hundred and ninety-nine as compared with 2,618. When it comes to replacements for the essential service for the defence of Canada, we are putting emphasis in the wrong place.

Speaking before the Senate committee, as reported in the *Gazette* of November 15 of this year, the minister said that we were getting new men about as fast as they could be absorbed. Then he went on to say, as he has said today, that they hoped to have another 10,000 for the reserve army. We need 10,000 for the air force far more than we need 10,000 for the reserve army. If the air force is not able to absorb 10,000 men when apparently the army can, then I contend that the whole policy has been definitely wrong. This is not the fault of the individual air force personnel or the individual army personnel. We all know that they are trying to do the best they can within the prescribed limits. National defence policy is made by the government and it is national defence policy that renders the air force incapable of absorbing more men than they are at the present time. This policy must be corrected because it is definitely wrong in view of the problems which have been set out and the objectives which have been indicated in this white paper.

Why is such discrimination shown against the air force? I can only assume that it is that we are slavishly adhering to the old traditional policy which I referred to on November 11 when speaking in this chamber. As I said, this policy has stood us in good stead for the last 150 years during which time the citizen armies of Canada have been able to mobilize and train after the outbreak of a war because the forces of other countries were available to take the first shock and provide the necessary time. In those days we were able to rely on the British regular army. Are we now counting on the air force of the United States? There are air forces of the United States stationed in Greenland and in Alaska. Are we relying entirely upon them to take the first shock and to hold off the enemy who may be threatening us? Are we giving consideration to the time factor which has

changed so materially in the last 150 years? Will there be time for a leisurely mobilization of the defence forces of Canada?

I am not considering at the moment the setting up of an expeditionary force to go to the battlefields of Europe. I believe there will be time for that. As I say, apparently our policy is still based upon the traditional practices which have existed in the past, practices which were based on the concept of a Canadian expeditionary force leaving the shores of this country to go and fight and take part in the crowning victories as they have done in the last two wars.

Government policies are revealed in the estimates that are produced. Without going into too great detail and dealing only in millions and hundreds of thousands, the details of these items show that the active army is to be allocated $64,997,000 while the allocation for the air force is $44,814,000. The army reserves are allocated $8,939,000 while the air force auxiliary is allocated only $3,648,000, not half what is being spent on the army. Under university contingent training we find that $1 million is being allocated for the army and $363,000 for the air force. Again I say that emphasis is not being put in the right place.

I have been an infantry soldier most of my life and I have all the pride and tradition of marching men behind me, but I say with that background that where we are spending under these items $1 on the army we ought to be spending $3 on the air force. One dollar on the army and $3 on the air force. I have not had the advantage of discussing this matter with the committee; I have not been able to prepare details of the estimates, but those are the proportions in which the money ought to be spent. That is why I feel in duty bound at this time to oppose the whole policy underlying the maintenance of our forces, because I do not believe the people of Canada are getting the proper amount of protection in return for the money they are providing.

I am not going to criticize small details; I want to attack this policy from the broadest point of view. I ask whether the minister now has the power to change, within the item, the amount of money which has been allotted to the various services. In the old days with which I am familiar the minister was able to transfer amounts from one item to another. But I wonder whether it would be wise to grant the minister that authority, if he does not have it now, because I notice that in the estimates for 1948-49 parliament provided $2,753,192 for air reserves. I presume that in discussing those estimates we felt that was the right proportion to be spent in order to develop the reserves of the Royal Canadian Air Force. But according to page 98 of the annual defence report I find that only $1,067,496 was actually spent on those reserves. Was the rest of that money transferred from the air force to the army? Were not the recruits brought forward? Was the training not made sufficiently attractive?

I speak with the utmost sincerity, because I do believe we are following the wrong practice at the present time. The only explanation I can imagine for the emphasis being placed elsewhere than on the air force is that we are still following the concept of sending an expeditionary force to Europe. It may be that the final decision will be reached there. It was during 1914, and the enemy hoped it would be during 1940, 1941 and 1942. But in those days the strongest of the free nations were France and Great Britain. Today the strongest of the free nations, as I have already said, is the United States. Surely our plans should be based upon the defence of our own country first of all, and I cannot believe that any other nation coming under the North Atlantic pact could consider anything different. I do suggest that the greatest contribution we could make to this North Atlantic pact, the greatest contribution we could make to what was described yesterday as the common pool to which we should contribute by the most suitable and most effective means, would be to ensure that the approaches to the great arsenal of North America were protected.

I have referred to those approaches, from European Russia over Greenland and down the eastern seaboard of this continent, and the western approach from Siberia across Yukon and northern British Columbia to the industrial areas of the Pacific. What greater contribution could we make to the success of the strategy of the United Nations than by providing a great flank guard for the protection of those industrial areas and, if necessary, the movement of American troops to the continent of Europe? In so doing we should be at the same time defending our own country. I feel that our first task must be the protection of our own country; and when at the same time we can be doing a worth-while, essential task, one that must be done under the general strategy, so much the better.

Then, of course, there are the sea approaches to this country, which are vulnerable, particularly the Pacific approaches. On the Pacific coast of Canada we have no purely service air base; we have very few service aircraft. We have nothing like the United States coastguard system for the

reporting of aircraft moving across the spaces of the Pacific, and the reporting of weather fronts as they approach. We have no aircraft carrier on the Pacific; the *Magnificent* is on the Atlantic. I do not know whether it is the policy of the government to provide land-based aircraft to search the ocean approaches of the Pacific, or whether it is the policy to provide an aircraft carrier to guard those approaches. At the present time we have neither aircraft nor carrier; and the cruiser *Ontario,* formerly stationed in the Pacific, has been turned into a training ship. That was in accordance with the recommendations of the Mainguy report, but she has not been replaced in her operational role.

Well, Mr. Chairman, I have endeavoured to show this committee that I do not agree with the distribution of funds under this item. I consider it unsound and a slavish adherence to what I have described as the C.E.F. complex. Had there been a committee of the house, as has been recommended, we might have examined these problems and been able to warn the house and the country before this large amount of money was spent. What I have said today may have very little effect upon the estimates we are now considering, but the estimates for next year must be in course of preparation now; and I hope what I have said will be taken into consideration when next year's estimates are being reviewed.

I want to stress again that our first task is the defence of Canada, particularly our northern approaches and the vast air spaces over those approaches. No greater contribution could be made towards the preservation of peace than for our defences to be concentrated upon these objectives. It would be far better than making any plans for taking part in a victory parade that may be held in Europe.

Then, I come down to a few definite recommendations which really summarize what I have said. We have to have a fighter interceptor air force in being now. There must be adequate reserves provided for replacement and to provide for the expansion of that air force which must be in being now. I entirely agree with the proposals in the minister's statement concerning radar developments. I have referred to that at every session of parliament since I have been here. I have always urged the expansion of radar as our early warning and protective system.

Then there is the question of providing active garrisons for the defence of those essential northern areas. An aircraft carrier should be provided for the Pacific area or, at any rate, ground-based reconnaissance squadrons of aircraft might, if they had an effective range, perform tasks similar to those which might be carried out by carrier-based aircraft.

Lastly, we have to have protection for our great industrial centres. I feel that many of the units of the reserve army would be better engaged in concentrating upon the protection of those industrial centres around which the men live than perhaps in any other role that might be assigned to them. In the time that has been available, I probably have not been able to develop sufficiently the background which led up to these recommendations. I spoke on September 26 and on November 11, and if the minister and hon. members will read those two speeches, they will find the background to these recommendations I have made.

In dealing with this particular item, I say that if we are to provide for the essential defence of this country out of the amount of money that has been allocated, then transfers must be made from non-essential items to the one essential service which I feel must be put first if Canada is to be given any reliable form of defence. The minister has to face this matter with determination, and face it immediately. If necessary there must be not only a ruthless redistribution of these funds; but, if he finds the air force is not capable of absorbing this increased activity, then there must be a ruthless reorganization of the R.C.A.F.

Mr. Claxton: Not only would we have to have a ruthless reallocation of funds as between the navy, army and air force, we would have to have a ruthless redistribution of funds as between the Canadian people, the Canadian government and the armed forces. I can tell my hon. friend just how practical his suggestions are. I would put the cost of bringing about what he has suggested at roughly around $600 million a year for a period of five years, which would be spent entirely on the air force or the air defence portions of the army. I believe it is important for us to be realistic about the problem of national defence and not say that we want this and that when we cannot get this or that because the country cannot afford it. The problems of our national defence are to find out what proportion of the national income we should spend on defence, and then see how that can be divided as between the navy, army, air force and defence research.

Mr. Pearkes: That is exactly what I am asking you to do.

Mr. Claxton: To suggest that we should spend $3 on the air force for $1 on the army this year leads to conclusions that I must point out: My hon. friend has been most helpful

in all his remarks and in his attitude. The one thing that makes me answer him as I am doing is that I thought he went too far. I am in complete agreement as to the importance of the air force. What I do not think he did with fairness was to show how much we are already emphasizing that importance ourselves.

In making a comparison of the distribution of the defence dollar as between the army and the air force this year, the hon. member read out the figures appearing at pages 199 and 200 of the estimates concerning the expenditures on active, reserve and officer training but relative only to personnel. The hon. member omitted from that comparison what was necessary in order to see the whole picture, that is found on those pages or the adjacent pages where the amount provided for the army by way of equipment, et cetera, $63,295,349, and for the air force, $107,986,455. The total provisions for the air force and army this year in the proposed estimates of $375 million would be $124,583,872 for the army, and $142,836,365 for the air force. In other words, instead of the emphasis being on the army, as the hon. member stated, we are spending very considerably more on the air force, and that by a considerable amount. Yet, the carrying out of his suggestion, which I cannot think he was making seriously, that we should now spend $3 on the air force for every $1 on the army this year, could be done in one of two ways. We could either do it by multiplying by three the expenditures on the army, which would bring the air force expenditures to $373 milllion, and which would mean an addition to the air force expenditures of $231 million, or more than is being spent on the whole army and the whole navy today. If we were going to do that this year, we could only do it by wiping out the navy and wiping out the army.

The second way we could do it would be by giving the army one-third of the air force expenditures of $142 million. This would reduce the army expenditures by some $53 million and reduce the whole defence appropriation by that sum, or it could be done by a combination of those methods. If we are going to have an appropriation of approximately $375 million, then we certainly cannot spend $3 for $1 for the air force as opposed to the army without wiping out either the army or the navy, or else cutting them all to the bone. That shows how practical this suggestion is. But on the other hand, leaving that aside, with a great part of what the hon. member said I am in complete agreement and I am much obliged to him for his helpful remarks.

As to the importance of the air force in Canada, we have no doubt whatever. Otherwise out of the defence dollar this year we would not be spending 38·8 per cent as opposed to 33·1 per cent on the army whereas in 1948-49 we were spending 37·7 per cent on the army and 32·3 per cent on the air force. In other words, in a single year we have reversed the loading and put it in favour of the air force; that is an indication not of a backward way of thinking but of a forward way of thinking such as the hon. member wants us to adopt.

Mr. Pearkes: It is not forward enough.

Mr. Claxton: He says it is not forward enough. Again, in this connection it is important that we should recognize the need not only for the right emphasis but also for some balance. May I read a passage from a speech by General Bradley. He said:

> When I speak of balance, I don't mean the dividing of funds equally among three services, nor do I mean an equation of so many ships equal so many soldiers equal so many air groups, to create a pattern on a chart. When I speak of balance, I mean effective forces equal to the tasks that modern warfare may thrust upon us. And in striking this balance we must include that which can be reliably contributed by our allies. We can upset this equilibrium by committing ourselves, not strategically, nor numerically, but financially, to plans which on the surface seem proper, but tomorrow tower over us in burdensome upkeep.

There are a good many morals to be drawn from that statement. One is this. Our present plan of equipment for the air force includes purchasing one hundred F-86A's with their necessary arms and equipment, going into production on the XC-100 and doing the other work, which we regard as essential, to maintaining the air force equipment at present levels, improving it, and bringing about modifications in existing equipment, lengthening runways, the construction of buildings for operational purposes, for interceptor stations, for personnel because we have to construct buildings for every group of men we now take on. If you take our present plans and project them into the future, we are going to get a relationship between the air force and the army which will certainly please the hon. gentleman; and that has been the course of defence planning over the last several years. But it is not going to be three to one yet and it is not going to be done without either making important curtailments in other parts of the defence program as it is today or else obtaining substantial additions to the defence appropriations. Again may I say that this work is not done by mirrors; it is only done with money. As I have pointed out, and as the white paper points out, it requires large sums of money.

In this speech, which was to congress, General Bradley goes on to say:

> Budgetwise, you will note that the 1950 funds recommended to the congress provide the following division of our defence dollar for the three services. The army, allotted 33·6 cents of the security dollar, has been steadily rebuilding, while carrying on the occupation duties to which it is assigned. The air force, given 34 cents of the defence dollar, has progressed steadily in size and ability, and the navy, allotted 32·4 cents of the defence dollar, stands second to none in the world.

As hon. members can see, in the United States the authorities happen to have arrived at a division of the defence dollar which is almost equal as between the three services; and General Bradley hastens to add:

> It so happens that approximately one-third of our money has been allotted to each service, but I consider this as only a coincidence, and may not necessarily hold as we continue to evaluate the capabilities of the only aggressor in sight, and future developments in warfare. Certainly any material change in this proportionate division of the defence dollar would be made only after careful and complete consideration and analysis of the roles and missions of all the services.

In other words, speaking in October, he does not indicate any definite plan for changing the allocation of the defence dollar in the United States. Here in Canada we have been changing the emphasis during the last three years, and our change is reflected by our spending on the air force 38·8 per cent out of the defence dollar whereas in the United States the percentage is only 34. Hence, far from our living in the backward looking state to which my hon. friend has referred, we are endeavouring to use the money that is allotted in the way which will best meet the needs of Canada in the order of priorities that are established.

We are not going to meet all the needs, and I hope no member of parliament has any idea that we are. No country of 13 million people with 3½ million square miles of territory can do that in this kind of a world. But we can play our part with our allies, and we mean to play a reasonable, sensible, fair part and to make our contribution much in the way suggested by the hon. gentleman. But we cannot do it all at once, and I am afraid that we cannot do everything of that character without cutting into the existing program for the other services or else having much more substantial sums of money. That is what we are face to face with in this allocation.

However, once again may I say that I am grateful to my hon. friend and I apologize to him for not having referred, before I sat down, to this part of his speech which he made on November 11. I had mislaid my notes; and besides that, sufficient time would not have remained for me to do so.

Mr. Fulford: Is it not true that much of this expensive air equipment, at the rate of present development, would be practically obsolete before it could be delivered?

Mr. Claxton: That is a possibility. But when we get to equipment of the type of anti-aircraft guns, at $600 thousand for each gun—completely equipped and installed of course—then I would say that we, with our defence appropriation, cannot afford many. We have one. We have it for the purposes of training, development and experimentation. No country in the world has many either. But that does not mean that it is not the best weapon there is in the world; probably it is. But it may become obsolete by the further development, perfection and use of rockets and guided missiles. How soon that will come we do not know. If it does come it will render types of anti-aircraft weapons of this kind obsolete in part. Therefore the question asked by the hon. member is a difficult one. It is one that must be related to the particular weapon, to our knowledge of what other countries are doing, and to our resources. Certainly, had we gone into the production of earlier types of aircraft than the F-86 or the XC-100, they would have been out of date before the first order would have been fully delivered. In these two we believe we have something which is up to date and which will take care of our needs for a good many years to come.

Mr. Balcer: Mr. Chairman, on November 2, in answer to a question by the hon. member for Nanaimo, the Minister of National Defence, after tabling the Mainguy report, promised to give us a full statement and to tell us what steps his department had taken to implement the specific recommendations of the report. Can the minister make the statement now and tell us what steps have been taken?

Mr. Claxton: I shall be glad to do that, Mr. Chairman. It would I think be most convenient if I referred to the recommendations of the Mainguy report by their numbers as given in the report. There are some forty recommendations in all, and if I may I shall deal with them in a summary way. 1, Manpower and material stretched too far. That is agreed to and has been acted on already. 2, Necessity for training ships. That was in effect before the report was handed down.

Mr. Balcer: May I ask a supplementary question? How many training ships have we now?

Mr. Claxton: Every ship is a training ship, but we have now specially set aside as training ships seven, including the *Ontario*.

Mr. Balcer: What is the type of the other ships?

Mr. Claxton: Destroyers and frigates. Then we have recommendation No. 3 with regard to the type of recruiting. I differ with the report in its finding on this. I feel that the recruiting advertising was of a desirable character. It got the men and the rate of releases has not been at all bad. Anyway, there is room for doubt over that and we are carrying into effect the other recommendations with regard to recruiting made by the committee.

Recommendation No. 4, Communal entry. We are willing to consider that but do not believe that it is appropriate to a navy the size of the Canadian navy, when we are up to strength in men, and must be even more selective from now on. Therefore, while this recommendation will be considered, it is not thought to be particularly applicable to meet the needs of the Canadian navy at the present time. 5, New entry training. Recommendation 5 (a) deals with kit shortages. That has been acted upon and corrected. 5 (b) touches on naval traditions. That has been acted upon. 5 (c) deals with improvement of living conditions. That has been acted upon. It is a matter of great regret that the members of the commission of inquiry did not visit H.M.C.S. *Cornwallis* before they made their report. Had they done so I feel certain that a good many of the recommendations contained in recommendation No. 5 would have been treated by them in the recognition that they were no longer applicable in view of the fact that from May 1, 1949, all new entry training has been done at H.M.C.S. *Cornwallis* at Annapolis. That is a fine naval establishment. I have seen it. It has good amenities and arrangements, good living conditions, and is in every way suitable for the job. The morale of the place is excellent. I have talked to the officers and men and have found them in good health and spirits. Therefore it is regrettable that the commission did not go there. The reason that they did not was that, at the time the commission was in the maritime provinces and in Halifax, *Cornwallis* was just getting under way, and there was not much for them to see. However, Admiral Mainguy, a member of the commission, was familiar with the scene there and no doubt reported it to them.

With regard to 5 (d), a booklet on new entries, that is in course of preparation.

Mr. Balcer: What is the average number of new entries at *Cornwallis*?

Mr. Claxton: The present course is twenty-one weeks, and they take in seventy-four men every two weeks.

[Mr. Claxton.]

The next recommendation is 5 (e), training officers. That is agreed to and has been acted upon. 5 (f) deals with the divisional system. That is corrected and has been acted upon. 5 (g) deals with welfare committees. That is agreed to and has been acted upon. 5 (h) refers to leave for new entries after their training. That has been acted upon. Indeed all of these: 5 (a), 5 (b), 5 (c), 5 (e), 5 (g) and 5 (h) were mostly carried out before the report was handed down.

In recommendation No. 6 the committee suggests that we should lengthen the period of training at Royal Roads. I have always been in favour of that and that will be done. It was to find out whether or not it was in the opinion of the inquiry desirable that I put a question expressly to them. On the training of officers they say: "That practical and theoretical work be more closely integrated than they are at present". We have a committee working on the consideration of that. Then they go on to say:

> That the training at Royal Roads should be followed by experience on Canadian training ships and that if Canadian ships are not available, a partial diversion to American ships should be considered.

We do not agree with the recommendation that there be a diversion to American ships at this stage. We cannot see that there would be any advantage whatever in that at that stage—that is, the stage of undergraduate training of an executive officer—to go to sea. There would be no more advantage in sending him to American ships than to British ships. We see disadvantages in both. We want to have them trained in Canadian ships. That, again, is going to cost a lot of money. However, it will be carried out just as soon as suitable arrangements can be made. With regard to men on advance training in British ships and in American ships, we are all for it, but at the later stage after the officer has been fully qualified as a Canadian under a Canadian training system.

Then the fourth paragraph suggests that Canadian officer entries should begin their practical duties as commanding officers with a background of experience and education not inferior in quality, narrower in experience or shorter in time than the training which has been given British and United States officers.

Of course I am in favour of that. And that was already in effect for all officers training in the Canadian forces of the navy, army and air force, except for two groups, namely executive officers in the navy and engineering officers in the navy, both of whom stopped their tuition at Royal Roads or R.M.C. at the end of two years and went to England for

subsequent training. I think it will probably take some time for engineering officers to be trained in Canada because we have not got an equivalent system of training those officers here. Until that is developed we will carry on with the present system. But with regard to executive officers, I would like to see the commission's recommendation implemented at once.

Then, with regard to 6A, training of chiefs and petty officers: This has already been acted upon. It was acted upon before the report was made, and the new course was already in existence.

With regard to No. 7, change to civilian clothes on going ashore: That is something we have always been in favour of, but it is exceedingly difficult in view of the limited accommodation on small ships which largely comprise the Canadian navy. There is no storage accommodation for civilian clothes on the ships. However, that is under consideration.

No. 8, Canadian naval service benevolent trust fund: Here, as I understand it, the recommendation is that the officers and men should have compulsorily deducted from the profits of the canteen and paid into the fund a certain proportion. Officers of the navy regard that as impracticable, canteen profits being at the disposal of the men who make them, and I agree with them.

With regard to No. 9, confidential reports on officers and men: First, with regard to officers; that was already in effect before the report was made. Secondly, with regard to men; that is agreed to, and is being acted upon.

Then, with regard to No. 10, the desirability of having a laundry established at Esquimalt; this is desirable. It is a question of priority in building. Before we have a big laundry it may be desirable to have a barracks block. Whether or not that is so, I do not know. However this is receiving consideration. The need is recognized and it will be acted upon just as soon as funds are available.

Then, No. 11, living conditions in ships: That is in process of being improved. We already have under reconstruction H.M.C.S. *Sioux*, one of the destroyers. It is being completely reconstructed along the lines of American-type quarters, with separate living and eating quarters. We have also made a great many minor changes in the other ships to improve living conditions. There is a program established under which this is being proceeded with.

With regard to No. 12, barrack and married quarters: We are pressing on with the construction of barracks and married quarters just as fast as we can. This year, as I have indicated before, we have available for construction some $90 million. There is $40 million in the department, and even more than that with Central Mortgage and Housing Corporation. We may not be able to spend all that because of the difficulty of getting the jobs under way. However, we have started on barrack accommodation at Halifax, and barrack accommodation at Esquimalt is high on the list. We are building married quarters as fast as we can get the land and services at Halifax, Dartmouth and Esquimalt.

With regard to No. 13, administration generally: We are in agreement with the report, and are working it out.

With regard to No. 14, the desirability of announcing policy; we agree with it completely, and that has been acted upon.

No. 15, liquor on board ship: The inquiry does not give any formal answer, but they recommend that the question be looked at. We are going to look at the question. It is not an easy one.

No. 16, kit upkeep allowance: The army and air force have plans different from the navy. It has been suggested to the navy that they should place their arrangements on the same basis. That is under consideration.

No. 17, free transportation: that has been provided in part since I came to this office, and we have had it under consideration since. It would involve a very considerable amount of money, and also would require similar treatment for the other forces. However, that is something of which I personally am in favour, and it is under consideration.

No. 18, medical care for dependents: that is done now, not as a matter of right but as a service at isolated centres. We doubt very much whether it could be widely extended in Halifax, Esquimalt or Ottawa because in those centres there are existing hospital, medical and dental services provided through civilian sources. However, in this field we are giving more medical service all the time in the armed forces to more people. This will receive consideration.

With regard to No. 19, dependents' allowance: It is suggested that the allowance be paid in respect of dependents in addition to the wife. We do not regard this as practicable or in accordance with general government policy.

No. 20, pay for good conduct badges: That is under consideration.

No. 21, responsibility allowance: That is also under consideration.

No. 22, welfare committees: The rule was in effect before the report was issued. The report, however, in drawing attention to this

very important question will reinforce the orders which have been repeatedly given that welfare committees work, and the naval officers and myself will see to it that they do work.

No. 23, ship's routine: That is completely agreed with and acted upon.

No. 24, officer-man relationships: This is a complicated question. You cannot deal with it by passing rules. But with the general line of the report I think most people familiar with the Canadian scene would be in substantial agreement. We are going to work toward its fulfilment, but that will be a continuing process taking a good deal of time.

No. 25, training in "the humanities": That is already in effect.

No. 26, Canada badges: That will be carried out either in the form of shoulder badges or by some other definitely recognizable indication that the officers and men of the Royal Canadian Navy are Canadians. We are now at work in devising the precise form of badge that will be used.

Mr. Balcer: Is the department going to take any particular steps toward the Canadianization of the Canadian navy, or is this the only step in contemplation?

Mr. Claxton: The most important step that could be taken would be to ensure that all the officers in the Canadian navy receive training to qualify them as officers in Canada where they are exposed to Canadian conditions and Canadian environment. And we are going to do that just as rapidly as possible. I think it will be done with regard to all. It is in effect now with regard to all groups except executive officers and engineering officers for the last period of their training, and we will see that it is done for them just as soon as possible. I would point out that at the time the incidents occurred on the naval vessels there were no products of the tri-service plan of education, which is now in effect at Royal Roads and R.M.C., on active service.

Mr. Balcer: At what date was the order issued to recall the Canada badges from use by naval personnel?

Mr. Claxton: I have not that, but I can give the hon. gentleman the date when the order was issued that the maple leaf be not painted on the ships—that was June 15, 1946. When it was drawn to my attention I at once gave orders that it be countermanded. That was done before the committee was set up.

The question of income tax involves matters which have to do with the general rule that all personnel should be charged income tax in respect of pay and on allowances that are similar to pay. Personally I have always felt that this matter should receive consideration and it has been actively considered over a considerable period. The report will accelerate this consideration.

With regard to recreational facilities afloat, there is complete agreement as to the desirability of improving these. There have been considerable improvements and we will continue that process. With regard to recreational facilities ashore, after having seen those at Halifax I believe them to be second to none in the country. Those at Esquimalt need improvement, but a new major building should come second in priority to a new barracks building. However, we should make improvements in the meantime.

With regard to films at sea, this is a matter dealt with by committees of the men. There is an inter-service film committee and a naval film society. More will be done in that field. What happened was that the choice was left to the officers and men on each ship. They pay for the films themselves. We think we should do more in the way of making educational, documentary and similar films available and also making it easier for them to rent current films. This is under consideration.

If I may summarize, twelve of the recommendations were mostly in effect before the report, four have been acted upon, eleven are in process, ten are under consideration and three are not considered presently practical.

Mr. McLure: The minister paid a visit to Charlottetown last summer and I should like to ask him what is the situation with regard to the naval barracks there?

Mr. Claxton: I mentioned this before, but I shall repeat it. We now rent a building from the provincial government but it is not considered to be entirely satisfactory. The provincial government want it back and we would like to build or buy suitable accommodation for the naval reserve division in Charlottetown. I think there are four places across Canada where we shall have to lease or build accommodation for the naval reserve divisions, and that will be done just as soon as priorities permit. There are 21 naval reserve divisions across Caanda, 17 of which have entirely satisfactory accommodation.

Mr. Balcer: Is it intended to have a naval division located at Three Rivers?

Mr. Claxton: That has been considered and it will continue to receive consideration. If there is real assurance of definite support we would have to give that matter sympathetic consideration.

I move that the committee rise, report progress and ask leave to sit again.

Progress reported.

EXTERNAL AFFAIRS

CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. J. A. Bradette (Cochrane) presented the first report of the standing committee on external affairs, and moved that the report be concurred in.

Motion agreed to.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

ALBERTA NATURAL GAS COMPANY

The house resumed from Friday, November 11, consideration of the motion of Mr. Maybank for the second reading of Bill No. 66, respecting Alberta Natural Gas Company.

Mr. G. R. Pearkes (Nanaimo): Mr. Speaker, when we were considering this matter a week ago I had almost finished explaining why I felt it would be in the interests of British Columbia if this gas line could be routed through that province rather than through the United States. I based my argument on the fact that the distance would be shorter; that this gas would become more readily available to the towns and villages in the southern part of British Columbia and the great metropolitan area of Vancouver and New Westminster, and that the increased prosperity which would result from the line going through British Columbia would be reflected in my own constituency on Vancouver island.

At the present time we have developing in British Columbia a situation that is causing some organizations a degree of anxiety, in that employment is not as readily available as it has been in the past or as it is desired it should be; and the construction of a pipe line through the southern portion of the province would provide a great deal of employment for our people. It would provide our mills with a market for their products. It would mean that a number of construction gangs would be operating in that part of the country, which would give employment to the men in the gangs themselves and provide a market for the farmers supplying them with produce.

I do sincerely hope that due consideration will be given these factors. As I said, a serious situation is developing in British Columbia because of the decrease in the jobs available for the very large number of people who have moved to our province in the last two years. Any big construction project that will provide employment will be beneficial, and the net result of bringing and distributing gas to those towns in southern British Columbia will be an increase in the general prosperity of an area which is a long way from the main markets. Now that other markets upon which that part of the country has depended so much in years gone by have been lost, or have decreased, we certainly require other outlets for our goods. Only today in the newspapers we saw that Great Britain is going to purchase her poultry supplies elsewhere. British Columbia is a great poultry area, and of course if the poultrymen could obtain cheap gas for use in their incubators and that sort of thing they would be enabled to raise their product more cheaply and supply it at lower cost.

For all these reasons I hope due consideration will be given the advantages of routing this pipe line through British Columbia rather than through the United States, thus giving the benefits to our own people rather than to the competitors of our dairymen, fruit growers, vegetable producers, and so on.

Mr. T. H. Goode (Burnaby-Richmond): Mr. Speaker, I did not intend to enter this debate, even though members from British Columbia should be more interested than any others. However, the other day I noticed a dispatch in the Vancouver *Sun* which said:

> There was protest again at the filibuster on debate to incorporate the Alberta Natural Gas Company, which hopes to pipe natural gas from Alberta to British Columbia and the northwestern United States.

Then it goes on to say that the hon. member for Parkdale (Mr. Hunter) had asked for fair play in this debate. After reading that, after listening to hon. members debate the matter, and after hearing a minister of the crown take part in the discussion, I determined to find out something about it, not only to satisfy my own curiosity but perhaps for the good of my own riding. I thought perhaps there was some difference between the bills which were presented to this house last session and the present bill. So I looked up *Hansard* for April 29, 1949, and found that the debate was somewhat less than intense. *Hansard* says, under the heading "Private Bills":

> Mr. G. A. Cruickshank (Fraser Valley) moved the second reading of Bill No. 240 to incorporate Westcoast Transmission Company Limited.

Alberta Natural Gas Company

Motion agreed to, bill read the second time and referred to the committee on railways, canals and telegraph lines.

I found also that there were three other bills of the same kind dealt with at the same time and in the same way. So I thought perhaps the bills which had been presented by some of these paragons of reliability we have heard about might be a little different from the one now under discussion. So I looked up the statutes of 1949; and chapter 37, section 6(a) reads:

Within the provinces of Alberta and British Columbia or outside Canada construct—etc.

Evidently, therefore, the other pipe lines are no different from this one. They had been incorporated with the idea of constructing a pipe line outside Canada. I thought, too, that the incorporated companies went to the board of transport commissioners—so mention must have been made in the bill of the fact that the company proposed to build entirely within the dominion of Canada or within the province of British Columbia.

With respect to the Westcoast Transmission Company, I find the following information: Their bill was presented to this house in April, 1949, and the company was duly incorporated. On May 10, they filed an application with the board of transport commissioners pursuant to the Pipe Lines Act. On May 11, they filed a second application to build through Kingsgate, on practically the same route as that proposed by the company in this bill with which we are now dealing. On October 13, 1949, Westcoast filed an application for a new route through Kamloops and the Hope-Princeton highway. On November 15, 1949, the company withdrew its original application to build an all-Canadian route, leaving the application before the board for the route through Kamloops and the Hope-Princeton highway. Whichever company receives a charter, we hope that is the route that will be built.

May I reflect, sir, the feeling expressed by the member for Parkdale (Mr. Hunter) when he spoke of fair play for this company. As a new member, perhaps I should be careful about what I say because hon. gentlemen who have been here much longer than I know better than I how the business of this house should be conducted. I do not concede that the gentlemen who have been in this house longer than I know more about the spirit of fair play and understanding. I believe, Mr. Speaker, that these people should be allowed, as were those who presented bills during the last session, the right to have the bill stand on its own merits before a committee. Then the particulars of this company could be discussed.

May I say that I am getting my information from exactly the same place as other hon. members who have mentioned some of the details regarding this company. The company has not presented one location for its pipe line, but has presented five different locations. They will tell the committee and the board of transport commissioners that those five routes will have to stand on their own merits. It is easy to understand that if a pipe line is built through the United States, as has been mentioned in this house, it is the cheap route from both a construction and a maintenance point of view. As a result, the natural gas which arrives in Vancouver will cost less. The company will say, too, that it has four other lines, each of which will cost more to construct and maintain. Depending upon which of the five routes is chosen, the gas will cost a different price in the lower mainland of British Columbia. That is the way it should be; that is what the other companies are doing and should do.

Anyone living on the west coast must understand the pipe line will cost something like $200 million, and that gas cannot be profitably sent into that part of the country with its small population, without the surplus being exported to the United States. It does not matter who builds that pipe line in British Columbia, the company will have to send the surplus to the United States. As a new member I believe I have the right to say to you, sir, and to the house, "Let us give this company fair play". I do not care who builds a pipe line into British Columbia. In common with my friends on the other side of the house, the hon. member for Yale and the hon. member for Kootenay West, I shall insist that an all-Canadian route be built. We will fight for that and will continue to fight for it, but that has nothing to do with giving the company mentioned in this bill fair play.

Mr. A. L. Smith (Calgary West): Mr. Speaker, I wish to speak on this bill. At the outset may I assure you that before I sit down I shall endeavour as best I can to answer the charges and insinuations which were so freely dispersed in the house by the right hon. Minister of Trade and Commerce (Mr. Howe). I am going to try tonight, if I can, to give the house a picture which everyone can understand as to what we are dealing with in this bill.

The natural gas which will go through this pipe line is, at the moment, produced altogether in the province of Alberta. I believe we should understand thoroughly one other fact, and that is that a capital expenditure of $125 million will be necessary. There is only a market in the western area for one pipe line; that is an economic fact which no

one with any knowledge of the matter at all can possibly deny. Now it is said, and correctly, that various interests should have an opportunity of bidding, so to speak, for that business because all of us say how much we abhor monopolistic practices. Let us remember, then, there is going to be only one pipe line built.

The next thing is that this pipe line shall be built on Canadian soil. Before I go further, perhaps I should make a personal observation. At one time, I signed one of the bills as a sponsor. I learned a good deal about the thing, and after that I asked to be relieved. The gentleman with whom I was dealing very kindly granted me that permission. I am quite sure I could have done it, but I would not have done it, of course, without their complete acquiescence. What are we dealing with? As I said a moment ago, the gas is produced almost entirely in the province of Alberta. The Pacific Petroleum Company did bring in one or two gas wells a few days ago in the Peace river section which lies within the province of British Columbia. I am anxious, sir, that the house should understand that the market will absorb 200 million or 250 million feet of gas a day, certainly in peak times. This means that in the winter when so many people are using gas, 250 million feet per day is no exaggeration. We are not talking, therefore, about one or two gas wells; we are talking about 1,500 or 2,000 gas wells. That is what will be required to take care of the market on the Pacific coast, that is both the Canadian and United States markets.

We can rule out immediately any idea of building a pipe line to supply only the city of Vancouver. It just is not possible. It would be silly to even contemplate such a venture. Of course, no one will contemplate it, let alone do it. Now then, what is the history of this gas?

Gas was first found underneath the city of Medicine Hat. On the only visit that Kipling made to western Canada, he described Medicine Hat as a city with all hell for a basement. That was about the situation at that time. There was gas there. Private people and private companies were operating and drilling gas wells right in their own yards and producing their own gas because that property, as to what is on the surface or what is underneath the surface, belongs neither to the provincial government nor to any other government.

So the gas was first used in Medicine Hat. There it is produced from the sand. To give you an idea of what that sand is like, may I say that it looks something like a rubber sponge that you might have in your bathtub; but there is no oil in association with it. Then, in 1912, certain people who did not mind a hazard built wells in Bow Island, which is south and west of there, about midway between Medicine Hat and Lethbridge. That gas was piped to the city of Calgary and to the city of Lethbridge; and that also is what is called sweet gas. It comes from a sand similar to that which supplies the city of Medicine Hat. That gas was put into operation in Calgary. A distribution system had to be built, of course, but it was put in there in the year 1912. Supplies ran dangerously short, and about the year 1921, I think it was, the Imperial Oil Company drilled in No. 4 in Turner valley. That gas, as is the oil there, is not produced from a sand. It is produced from a limestone called the Madison limestone. In appearance it looks about as solid a piece of rock as you could get. While you cannot compress a liquid, you can compress gas; and nature compresses it to a state where it is roughly under a pressure of two thousand pounds to the square inch. The later discoveries, all those discoveries in the north and centering on the great and beautiful city of Edmonton, are found in what we call the Devonian limestone which is a later stratification of rock in the earth's surface. We must remember that many things happened long before you, sir,—and I say this with respect—were Speaker of the House of Commons. Nature has been operating for a long time. The Madison limestone, from which we get gas in Calgary at 6,000, 7,000, 10,000 and 12,000 feet, is the same limestone which is exposed away up in the air in those mountains which surround the town of Banff. It is the same strata, but with the tremendous heat generated in the earth sometimes these strata were thrown up high in the air—very high indeed. That is the Madison. They are getting it now, as I say, at a mile—and I think there are 5,280 feet in a mile—from the Devonian, which is a much lower stratification of limestone than is this Madison.

I mention these things for this reason. I wish to say and to lay it down as a basic proposition that gas piped in a pipe line is an entirely different matter from crude oil. Crude oil must go through a refinery before it is good for man for any purpose whatever. On the other hand, gas is power, and power which can be used; the minute you bore a hole through a pipe line containing it that gas can be used for many different purposes, and can be used immediately without preparation.

For example, just outside the city of Calgary we have an ammonia plant that was built by the dominion government. In that

ammonia plant, in producing ammonia, which is one of the chief factors for explosives which were used all over Canada and all over the United States during the war, the gas is not used for heating purposes. The ammonia is extracted from that natural gas as it comes into that plant; and it is now being used to produce fertilizer which is today being sold clear down on the gulf coast in the United States. I say this in an endeavour to impress upon this house just what a particularly useful item this product is.

Much has been said about the route of this pipe line. In the notice of one of these lines now before the house, the applicants were extremely frank indeed. Under our law you must give a notice that you are applying for a private bill. This group say that they are going to begin at a point at or near Calgary, go down through the Crowsnest pass to Kingsgate and thence into the United States. My position will finally be, and I will begin with it now, that I am opposed to the incorporation of any company unless in that incorporation which is now being sought in this House of Commons that route shall be set out on Canadian soil. That does not leave tremendous differences between us, because the sponsor of the bill has said that this particular company, the Alberta Natural Gas Company, has five lines to the Pacific coast, ending in Vancouver. Those five lines are marks on a map and nothing else, Mr. Speaker. I could draw ten without any difficulty, and I do not know anything about surveying.

The point I intend to begin with and to end up with is that in this or any other bill we should have and we must have a route showing, broadly speaking, the course which this line will take. The right hon. the minister has said that it lies largely with the province of Alberta as to whether or not the export of gas from that province will be approved. He also told us—and both of these statements are quite correct—that, under the Electricity and Fluid Exportation Act, he must give his permit for gas leaving the Dominion of Canada. He assured us, and I have no doubt that he meant every word he said, that he would see to it that Canadian consumers were taken care of first. This is not the first time since I came to the House of Commons that we have had a new Minister of Trade and Commerce. Much as we respect the right hon. gentleman who occupies the position, I think that perhaps most of us will live long enough to see another—and I hope he also will be a right hon. gentleman—sitting in his place.

The only way to protect this position is to have it in the statute. Can you imagine, Mr. Speaker, a railway company—and perhaps this is just as important as a railway company—coming to this House of Commons and asking the right to build railways in the Dominion of Canada and giving nothing more in the way of detail? They would be laughed out of the House of Commons. Well, the parallel which I give you is an appropriate and very apt one.

This bill says nothing at all—in its notice the other one did tell the route it was going to take—as to the route it will take. The sponsor may tell me that if they have to they will build it through the Dominion of Canada. I have no doubt that the sponsor meant everything he said, but knowing something about sponsors of private bills in this House of Commons I think that they rather lose their authority once the bill is passed. They are not exactly the board of directors who are controlling the enterprise, whatever it may be.

The minister said that if this filibuster continued he would see to it that the government assigned days for the discussion of this particular bill. If the government want to make this a government bill let them do it. Then we shall all know where we are, because what he said means this: "I say that this bill is going through this house and we shall stop discussion or we shall assign hours to it so that you simply cannot talk about it any more."

Mr. Howe: On a point of order, the hon. gentleman has put words in my mouth. What I said was that hon. members were entitled to say whether this bill would pass or not, and that no small group of people were entitled to deny them that right.

Mr. Smith (Calgary West): May I admit that the minister is accurate in repeating what he said. I did not endeavour to repeat it word for word, but with the greatest respect and deference, the minister did by clear and plain inference indicate that this thing was going through the house willy-nilly with respect to those of us who oppose it. I am asked to read what the minister said. Let us both be accurate.

Mr. Knowles: Do it in the same tone of voice, too.

Mr. Smith (Calgary West): This is what the minister said, as reported at page 1806 of *Hansard*:

> I should like also to say a word about what seems obviously to be a filibuster in connection with these bills. The government will not permit any small number of members to prevent this house as a whole from voting on a private bill. If these bills continue to be talked out in the limited time permitted for private bills, the government will ask the house to suspend the rules and provide whatever time is required to finish the discussion and to obtain a vote on such bills.

Perhaps both of us will agree that I have correctly read what was said at that time. Let us carry this a step further. We as a house are entitled to consider private bills. What is the object of any member, particularly those who are not cabinet ministers and who perhaps have neither the opportunity nor the calibre to occupy that position, bringing in a private bill if it is to be treated by the government as a government piece of business? And that is exactly what is going on in the house now. May I add this? It might be thought by someone that I have other interests to serve. I want to correct that by this simple statement. I am prepared to vote for any gas-line bill which in the bill itself, which is the law, provides an acceptable route for the transportation of that gas. Having said that, I think I may be reprieved, or whatever the proper word may be, of the suggestion that I might have any interest in it.

The word "monopoly" is a hateful one. There is no doubt about that. But we do come to places where perhaps that is the only way that things can be done. I think of a number of government enterprises such as the Polymer Corporation in Sarnia, and some of these various things where the government itself has a monopoly. I am not quarreling with that. We may as well be realists in this business and look the facts of life straight in the face. I think something else should be done. When we as members of the House of Commons know that this market is capable of maintaining only one pipe line we should see to it in the bills themselves that there is no opportunity given to corporations, which not in this instance alone but in other instances may be brought here for incorporation by promoters with a view to selling shares to the Canadian people, that in the end result, if they are not the persons chosen to operate the pipe line, will be absolutely worthless.

These changes can be made. They can be made by the sponsors of the bill by a very simple amendment which can be easily brought in. So far as I am concerned I will not vote for any bill which has not got a Canadian route. Why, the position is so absurd.

Remember this, Mr. Speaker: the minute a line containing gas crosses the United States border we have no control over that gas. It is controlled by the people in whose country it lies. One may readily say that if such a situation should arise we will, under the act which the minister controls, revoke the permit, and authority lies in the act for just such action if he cares to exercise it. Well, it is all right to put something down on a piece of paper, and to take another piece of paper and sign something and say that is all off. That in effect, Mr. Speaker, kills the whole enterprise. Let us be realists again. This permission to export and to use elsewhere must continue to exist as long as there is gas to satisfy that situation. But remember, if the gas is cut off by the Americans, or they adopt some other method with respect to it, Vancouver will have been served. Vancouver, being at the tail end of the pipe line, is at the mercy of people over whom we have no practical control. That, I think, is the greatest argument for this line to be on Canadian soil.

Some people may think that in view of the attitude I took on an oil line perhaps I am being inconsistent. I did point out, and I repeat, the very great and distinct difference there is between carrying oil in a pipe line and carrying gas. I give you one illustration. In Calgary we have a plant using natural gas as its main intake product in the making of fertilizer. During the war, I think the right hon. minister will admit—and this is very much in his favour, because he built it—it was very useful. We do not quite know where the allies might have been, had it not been for the ammonia produced in the plant from which at least a very considerable portion of our explosives was made.

Probably I told the house that that plant today is shipping its product of fertilizer, with all the freight rates against it, and selling the major portion of it along the gulf coast of the United States. Let us assume for a moment that this line we are talking about went through the United States—and do not think I am talking a lot of nonsense. I know that is their scheme. I know all about it. Five lines on the map, it is true; but I have known this thing for the last eighteen months. I know where they want to go; they want to go through Kingsgate.

We hear stories about building it along the Canadian border. Did you ever take a look at the mountains they would have to carry it over along there? Even to mention the thing shows how extremely impossible, and even silly, it is. And so I come back to this, that I want to meet the objections everyone has made. I want to be relieved of any charge that I am favouring the Westcoast Transmission Company, I think it is called—or some such name as that.

According to the minister—at least I draw this inference from what he said—his view was: "Let us pass this bill. Is a private bill incorporating a company to be stopped in the House of Commons?" Remember, Mr. Speaker, that this pipe lines bill was passed. Remember that up to that time anybody, any group of us from anywhere in this House of

Commons, could go to the Secretary of State and secure incorporation of a pipe line company or any other kind of company.

So in this case parliament saw fit to say, "If you are dealing with pipe lines carrying oil and gas you must get a private bill through parliament." Otherwise anyone could get a bill and then go and make his own arrangements with respect to the land through which the pipe line passed, and so on.

It was a good act; I am all in favour of it. But it came to this parliament—and what for? It was to stop this business of simply getting a certificate from the Secretary of State that you were incorporated and ready to do business. The pipe lines bill was passed in order that this parliament could pass judgment upon it, and say whether or not it was in the interests of the dominion of Canada that such-and-such a charter be granted.

I think that completes everything I have to say, except this: We are told that if this goes through quickly it will go to a committee, and that there in that committee we may ask these people where they are going, what money they have and what the possibilities are of their carrying out the enterprise. It is there that I take straight issue with the sponsor and with the minister. If they will in their statute tell me where they are going, then I shall know how to vote. If they are going to go out of southern Alberta I will vote against it—and I don't care who the company is. But in the north the story is entirely different. There we have those great areas in Alberta and in British Columbia which will be helped —because gas is power. Power is the thing the world needs.

In our oil fields of Alberta today we are producing daily the energy of four Niagara falls. I mention that to give some idea of just what power means. This is oil, turned into gasoline and used for power. Here we have a product going through these lines which at your home, or yours, or yours, or anyone else's, can be tapped. Of course there must be some sort of reduction to bring it to your home, because you would get your gas at ounces of pressure rather than thousands of pounds. But it is there, and it is ready to be used.

And remember this, that it is utterly impossible for anyone to build a gas line without building a road—and a good one at that. Because over that road you must take heavy pipes and all the fittings and heavy equipment. Remember, this will be about a 26-inch pipe—certainly 24-inch, or more—and you

can imagine the size of that. You don't hook that on the end of your jeep, and carry it in. You have to have a road to carry it on.

It will mean more for the development of northern Alberta and northern British Columbia than any other factor of which I have yet heard, up to this particular time. And so I am not content with the assurance of anybody that so-and-so will be the situation, when in a few words the sponsor of the bill could put it in the bill. When that is done—perhaps I am hard to satisfy—then I, indeed, will be satisfied.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wish to take only two or three minutes—

Mr. Sinclair: That will be new.

Mr. Knowles: Don't spin it out by making interruptions—to answer the well-put but I still feel only plausible argument of the hon. member for Burnaby-Richmond (Mr. Goode). The hon. member's plea was that we let this bill pass second reading and go to a committee.

I wish to remind him and hon. members of the house of the fact that on a good many occasions we have found to our sorrow that if there is a measure to which we are opposed and we fail to state that opposition at this stage, or if there is some provision concerning which we want positive assurance and do not get it on second reading we are sunk.

Last year one of the bills which went through the house after some debate was that concerning the Interprovincial Pipe Line Company. I cannot find that anything was even said about the route of that pipe line—not here in the house at any rate. But none of us knew then that it was going to go out of Canada, and down to Superior, Wisconsin. In other words, this is the sort of thing we are up against. Things happen after these companies are incorporated which we do not know about unless we receive the assurance at this stage—and in the bill itself, as my colleague from Vancouver East (Mr. MacInnis) reminds me, and as was suggested by the hon. member for Calgary West (Mr. Smith).

I want to remind hon. members about another bill during the session of 1948, that concerning the Bell Telephone Company, which asked for certain rather substantial increases in capitalization. From the floor of the house we tried to get at this stage the assurance that there would not be any increase in rates. Appeals were made to us, just like the one the hon. member for Burnaby-Richmond has made, to let the bill go to committee, to let it have second reading, to be fair to the bill and fair to the company.

Well, the bill went to committee and a sort of half assurance was given in committee that there would not be any increase in rates. But where are we at the present time? The Bell Telephone Company is not only before the board of transport commissioners in a general application for a substantial increase in rates, but today it filed an interim application with respect to a surcharge. If it were in order I would take time out to protest strongly against it; but I note your objection, Mr. Speaker, and you are right, it is not. So I just register my protest. My point is that examples of that kind remind us, and rightly so, of the extreme importance of the second-reading stage of a bill. It is not a stage to be passed over lightly, as the hon. member for Burnaby-Richmond has urged. It is at this stage that we must get assurances with respect to points about which we are concerned, and that is exactly what we are trying to do.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I rise to express briefly my opposition to this bill on the same grounds as I opposed the bill we were discussing the other evening, the bill to incorporate Prairie Transmission Lines Limited. I am not going to take the time of the house to repeat the arguments I advanced on that occasion. I support the hon. member for Calgary West (Mr. Smith) and oppose this bill on the same grounds.

I want to make it quite clear that we do not make any distinction between these companies. We are opposing this bill because we believe that at least the approximate route of the pipe line should be indicated in the bill. We are opposing the bill on the principle that Canadian natural resources should be used first to serve Canadian interests and Canadian communities. Therefore, I beg to move, seconded by the hon. member for Yale (Mr. Jones):

That Bill No. 66 be not now read a second time but that it be resolved that in the opinion of this house further consideration of this bill should be deferred until the house has been assured that the route of any pipe line built by the proposed company will be laid out so as to serve Canadian requirements before any such pipe line leaves Canadian soil.

The house divided on the amendment, (Mr. Herridge) which was negatived on the following division:

YEAS

Messrs:

Beyerstein	Fair
Blackmore	Fleming
Catherwood	Gagnon
Church	Gibson (Comox-Alberni)
Cruickshank	Gillis
Drew	Graydon
Green	MacInnis
Harkness	McLure
Hatfield	Murphy
Herridge	Noseworthy
Johnston	Pearkes
Jones	Quelch
Knight	Sinnott
Knowles	Smith (Calgary West)
Lennard	Thatcher
Low	Thomas
Macdonnell (Greenwood)	Wright—34.

NAYS

Messrs:

Anderson	Isnor
Bater	Jeffery
Belzile	Jutras
Benidickson	Kent
Blue	Kirk (Digby-Yarmouth)
Boisvert	Lafontaine
Bradette	Larson
Bradley	Leger
Brisson	Macdonald (Edmonton East)
Brown (Essex West)	MacDougall
Bruneau	MacKenzie
Carroll	MacLean (Cape Breton North and Victoria)
Cavers	MacNaught
Claxton	McDonald (Parry Sound-Muskoka)
Decore	McIlraith
Dion	McIvor
Douglas	Major
Ferrie	Maybank
Fournier (Hull)	Mayhew
Fulford	Mitchell
Garland	Murray (Oxford)
Gauthier (Lake St. John)	Richard (Ottawa East)
Gauthier (Sudbury)	Robinson
Gauthier (Lapointe)	St. Laurent
Gauthier (Portneuf)	Stuart (Charlotte)
Goode	Viau
Gourd (Chapleau)	Warren
Gregg	Winkler
Harris (Grey-Bruce)	Winters—62.
Henderson	
Hetland	
Howe	
Huffman	

Mr. Gibson (Comox-Alberni): I move the adjournment of the debate.

Mr. Speaker: The hour for private and public bills having expired, the house will revert to the business under consideration at six o'clock.

SUPPLY

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

DEPARTMENT OF NATIONAL DEFENCE

Demobilization and reconversion—

250. To provide for the defence forces of the navy, army and air services, and to authorize total commitments for this purpose of $547,497,388, including authority, notwithstanding section 29 of the Consolidated Revenue and Audit Act, to make commitments for the current year of $401,942,006, and commitments for future years of $145,555,382, against which commitments it is estimated that actual expenditures in 1949-50 will not exceed $339,442,006.

Mr. Harkness: I should like to ask the minister one question in connection with the form of these estimates. I remember that

in 1945 the estimates were broken down, in much the same way as the estimates of other departments, into quite a large number of items. We had the equipment item for the army as one item, the pay item, and so on. I have been wondering how long it would be before the items in the national defence estimates would again be broken down in that way instead of practically all expenditures being put under the large heading, "demobilization and reconversion".

Mr. Claxton: Certainly, the title "demobilization and reconversion" has been out of date for some time and will be dropped. Consideration will be given by the treasury officials to the point made by the hon. member for Calgary East.

Mr. Gibson (Comox-Alberni): Would the minister give assurance to the house that an adequate portion of the naval training is being carried out in Arctic waters? It just occurred to me that there have been several instances in which different jobs have had to be done in the Arctic, and the Department of Transport has let the contracts out to civilian contractors. Would it not be worth while training for the navy to undertake those jobs rather than let them to outsiders?

Mr. Claxton: I quite agree that the greatest emphasis should be on the operation and training in Arctic waters. During the second world war the role of the Canadian navy, until the closing stages of the war, was largely anti-submarine work, convoy work and protection of coastal waters in the north Atlantic, which is not so different in many ways from the Arctic. Towards the end of the war it became necessary for us to co-operate with forces in the Pacific. We had an aircraft carrier on loan from the British admiralty, the *Warrior,* which was not suited for use in northern waters. It was designed for use in the more temperate zones. This ship was exchanged for the *Magnificent,* which is a winterized ship, and since then we have been proceeding with the adaptation of our own vessels for winter use.

Last year the first operation into Hudson bay ever conducted by the Canadian navy was undertaken. The *Magnificent* went up as far as Hudson strait, and two destroyers moved on into Churchill. We regard that as an essential part of a training operation. In line with that, a contract for a naval icebreaker has been let, which will also be suitable for use as a transport. When it is completed it will enable us to do much more of the job up north.

Mr. Gibson (Comox-Alberni): I gather the icebreaker to which you refer is a shallow draft vessel.

[Mr. Harkness.]

Mr. Claxton: Yes.

Mr. Wright: Has the Department of National Defence any idea of providing a base at Churchill at which naval vessels might effect minor repairs? At present there are no facilities in the port of Churchill for effecting even minor repairs to any vessel, and if Hudson bay is to be used at all by the navy some provision will have to be made for repairing vessels at that port.

Mr. Claxton: I am afraid, sir, it would be too costly and uneconomic to provide shore-based facilities for repairing naval or merchant vessels there. Naval vessels can make considerable repairs with their own equipment and skilled personnel.

Mr. Pearkes: Would the minister tell us what steps have been taken for the protection of those northern airfields, such as Whitehorse, Gander, and Goose? Are there any troops located in the immediate vicinity, and if so what troops are they? How long would it take the nearest forces, which are available and earmarked for the purpose, to move to those airfields if the occasion arose?

Mr. Claxton: At the moment, sir, there are virtually no troops in those locations for the protection of the places mentioned by the hon. member for Nanaimo (Mr. Pearkes). At Whitehorse, there are some engineers and there is, of course, a good landing field. There are some air force personnel there. The exercise which is planned for the early part of February will be related to that problem.

There is a considerable force of air force but there are virtually no ground troops except army service corps and the like at Goose. There are small details of servicing units. There is only a small group of air-force men related to transport at Gander. There is virtually no provision yet made for the ground protection of these places. We hope that will be worked out in time, but it is not there yet.

Mr. Pearkes: How far has the organization of the Canadian Rangers developed in the Yukon and Northwest Territories? Can the minister give us some idea as to how that organization is equipped and how many companies have been formed?

Mr. Claxton: There are a considerable number of companies and new companies are being authorized from time to time. The total authorized strength of the corps is 5,000, all ranks.

Mr. Green: How many have been recruited?

Mr. Claxton: I have not that information. The organization of the corps is proceeding, and it is definitely related to the sort of problem the hon. member mentioned in his earlier question, though the real defence of important military establishments must of course be done by other units.

Mr. Pearkes: Can the minister say how the Rangers are going to be armed?

Mr. Claxton: With a rifle, a bayonet, a belt and ammunition.

Mr. Hatfield: The minister told the member for Peterborough West that the department was receiving mechanized equipment faster than covered storage could be provided for it. Can the minister state how much equipment is in covered storage and how much is in the open?

Mr. Claxton: There are approximately 20,000 motor vehicles in the armed forces, and of that number there must be approximately 6,000 in open storage at parks and mobilization centres. Then, a considerable portion of the motor vehicles issued to local units, particularly the reserve forces, are stored in the open. There is less than half, but quite a considerable proportion.

Mr. Hatfield: Is this new equipment?

Mr. Claxton: This is largely equipment that was in Canadian hands at the end of the war and was not disposed of because it was kept for issue to the active and reserve forces or in mobilization stores.

Mr. Hatfield: Is none of it new equipment?

Mr. Claxton: Some of it is new, yes. We purchase equipment from time to time, but the only new equipment that would be out in the open would be equipment which is regularly kept in the open such as scrapers, road-making equipment, blowers and that kind of thing.

I can give the hon. member the information he wanted about the Rangers. Nineteen companies have been organized.

Mr. Thomas: Have the frigates in the Canadian navy been equipped with turbine engines? If not, has any consideration been given to doing that?

Mr. Claxton: My information is that no frigates in the Canadian navy were equipped with turbine engines, although the later-type frigates were equipped with higher-speed reciprocating engines. We are not contemplating the equipping of frigates with turbine engines. What we are doing is starting the construction of a new type of anti-submarine vessel, with turbine engines. That will be a high-speed, anti-submarine vessel of considerable power and speed, and of a new type which is being designed in Canada, largely on Canadian plans, but using adaptations of British and United States plans. Our idea is that, in order to cope with the submarines we fear an enemy might have, it would require vessels with greater speed than the frigates would have, even if equipped with turbines, and with quite different characteristics of draught, vibration and equipment.

Mr. Thomas: That is what I wanted to know, Mr. Chairman, because in the latter part of the war we could not catch up to the submarines.

Mr. Harkness: I was perturbed today by a short piece I read in the *Financial Post* which is dated November 19; apparently they are a little bit ahead of themselves in publication. I should like to ask the minister about it. It reads as follows:

When the *Post* began probing this situation,—

That is, the expansion of the national film board; the article is headed "Film Board Monopoly Facing Major Test?"

—it found that the Department of National Defence no longer uses the film board on "classified" (i.e. secret) work for security reasons.

As a result, films "classified" for security reasons are being placed by the Department of National Defence with outside commercial organizations.

This is actually now happening.

It is a terrific blow to N. F. B. pride and prestige; shoots the government movie monopoly full of holes so far as this department of government is concerned.

Apparently there is no chance of this policy being reversed until R.C.M.P. authorities "screen" the N.F.B. staff; declare them Okay so far as national security is concerned.

N.F.B. officials openly declare their intention of breaking through this barrier; insist that they must again be given a monopoly of national defence movie business, but there is presently no indication elsewhere in Ottawa that this policy will be changed under present conditions.

That is the end of the quotation. I should like to ask the minister if that is correct, what films are given to the national film board, what films are given to private film organizations, and who are the private film organizations that get these films. If this is indeed the case, it seems to me that it is an extremely serious situation so far as the national film board and staff are concerned.

Mr. Claxton: In accordance with the policy announced in the house some time ago, employees in government departments and agencies handling classified material are examined for security. Earlier this year the national film board was included among those departments in connection with the production and processing of service films containing classified material. That examination for security is still being proceeded with.

Mr. Harkness: I do not think the minister has really answered the question, Mr. Chairman. Am I to take it that it is correct that the Department of National Defence refuses, for security reasons, to place certain filming in the hands of the national film board? Is that correct?

Mr. Claxton: That is correct; until the film board, like any other agency, private or public, has had its employees screened for security, we will not place with it classified material for reproduction or processing.

Mr. Harkness: I know that this film board is not in the minister's department, but I should certainly think that whatever minister has that department should forthwith see that these people are properly screened so that that department of government would not be cut off, for security reasons, from making films for the defence forces. It seems to me that that is a most anomalous situation.

Mr. Claxton: I can assure the hon. member that the minister has that matter in hand.

Mr. Drew: What type of film would be made that could raise any question about the affiliations of any member of the film board?

Mr. Claxton: Films that have to do with secret processes, films that have to do with research, new weapons, new training methods and so on, some of which may originate in Canada and some in other countries.

Mr. Harkness: Can the minister tell us what has been the cost in the past year of films for the national defence forces? I should also like to know what the cost for advertising has been, and particularly what the cost of advertising has been for the recruiting campaign which has been carried on during the past year.

Mr. Claxton: The cost of recruiting advertising for the last year was: for the navy, $236,246; for the army, $324,573; and for the air force, $282,931. The amount spent on films would partly be included in those figures, because some of the films were used for recruiting purposes. But the services use films now to a great extent in training work. Such films of course do not enter into recruiting expenses at all. The total amount spent on training equipment and films for 1948-49 is $238,737, of which a very small proportion would be for films.

Mr. Harkness: Has the minister the figures broken down to show how much this recruiting advertising works out at per man recruited? It works out in the total, I can see, to about $700,000 or a little better.

Mr. Claxton: It works out at about $65 per man. We have also of course again compared that figure with recruiting expenses in other campaigns and other countries; and I find that it is not out of line.

Mr. Harkness: Does that include the people recruited in the reserve forces?

Mr. Claxton: Just for the active forces.

Mr. Harkness: For the active forces only?

Mr. Claxton: I am glad the hon. member corrected me because at the same time we have recruited a larger number as well for the reserve force. Related to the active force recruits it works out at something like $65 a man. Related to the two, active and reserve, it works out at much less than half that.

Mr. Knight: I was startled by the minister's statement that certain films were not being entrusted to the employees of the national film board but were being entrusted to employees of commercial firms. What screening has been done in regard to these particular commercial firms' employees? If, as appears on the face of it, the minister is prepared to entrust these films to commercial people but is not prepared to entrust them to employees of the national film board, I should like to have some explanation. I may be mistaken in my understanding. It does not seem logical to me.

Mr. Claxton: I do not suggest for a second that it is logical, but apparently it was practical because these film companies who were charged with the job of doing larger processing work had small processing units, or relatively small processing units, that were not engaged in the same type of creative activity as the film board, and therefore it made it easier to screen their particular employees; I am told that the difficulty in connection with the film board, when this was discovered as it was this year, when the question of using agencies for processing films came up, was that with the number of employees concerned with the film board it would take some time to screen them.

Mr. Knight: I am to understand that the employees of these particular commercial firms have been screened in connection with the work they have to do for the Department of National Defence, whereas the employees of the national film board have not been so screened.

Mr. Claxton: That is right.

Mr. Harkness: When the matter was up before, I asked the minister who these companies were who are now working on what might be called secret films or films which might require security personnel for their production. Perhaps he forgot to reply and I did not remind him immediately.

Mr. Claxton: Crawley, an Ottawa firm, is one; and another, subject to confirmation, is the Associated Screen News.

Mr. Fleming: I think the remark of the Minister of National Defence on this subject is the most telling kind of indictment of a government agency that we have ever heard from the lips of a government minister or a member for a long time, directed, in this case, to the national film board. It will come as a shock to many Canadians to be told that the Department of National Defence did not find itself in the position to entrust to the national film board the making of films for the purpose of the Department of National Defence because the employees of that government agency could not be entrusted with it on account of doubts as to their trustworthiness on security grounds.

Mr. Claxton: From our point of view—

Mr. Fleming: It is not so many years ago, Mr. Chairman, that there was strong criticism levelled at the national film board because one Freda Linton, a notorious communist, had been a very active and prominent member of the staff of the national film board. I think most of us in this house had hoped that after that unhappy experience steps had been taken by those responsible in the government and in the national film board for directing affairs of the board to see that that type of employee was eliminated from the national film board. We are told tonight by the minister that the Department of National Defence was not prepared to entrust the making of films for the use of the department to the national film board because of lack of screening of employees of that board. I do urge upon the minister—he has indicated it is not his department—and upon the government that no time should be lost in carrying out such an effective screening of the national film board as will qualify that board to make films of the kind sought by the Department of National Defence and do similar duties for the government of Canada as may be required.

Mr. Harkness: When did the Department of National Defence start the policy of not employing the national film board to make these films?

Mr. Claxton: The policy was not started from any specific date. From our point of view it was not a question of doubt, but rather the fact that the screening which was necessary in dealing with processing and productions of this kind had not been completed. It has not yet been completed.

Mr. Harkness: I do not think that answers the question. I presume at one time the department did have films of this nature taken by the national film board, and then at some period it ceased to have this done because of security reasons. What I wanted was the date that they ceased to entrust this work to the national film board.

Mr. Claxton: Subject to correction, the department did not stop entrusting any particular class of work to the national film board. During the war this kind of thing was done to a considerable degree by other agencies, and some of it was done within the department itself. We have not given work of a restricted nature to the national film board because their screening has not been completed.

Mr. Drew: Mr. Chairman, I think that there should be a clarification of the position in regard to the subject, because it is one that goes beyond the national film board. When the minister's attention was drawn to the article in the *Financial Post* he indicated that the report was correct, that certain specified films are not being entrusted to the national film board because of the fact that they are being screened. We know what that means. It means that they are being screened for possible communists in the organization. That is the reason for the screening. That was announced in this house. The minister has explained to us that this is in keeping with the policy that was announced in the house. The policy in regard to the screening of the departments of government was one that was announced comparatively recently; whereas the statement made by the minister just now is to the effect that these outside agencies were employed for the purpose of making films, and that that practice has not been discontinued. These two statements do not go side by side. They do not hit each other. Either there has been a discontinuance of the use of the national film board for certain specified purposes because of the fact that they are being screened, or there has not. If there has been, then it is proper to ask when that action was taken, and when the activities of the film board in that respect were suspended.

Mr. Claxton: I am afraid that the leader of the opposition and the hon. member who spoke before are going beyond the information I now have. My information is that there was no discontinuance, because this job was not done by the film board before; but that when the question came up of its being undertaken by the film board it became necessary from our point of view to have the film board regarded as an agency of the government which must be screened, and that process is still going on.

Mr. Drew: When did it start?

Mr. Claxton: My recollection is that it would be in May, 1949.

Mr. Harkness: Perhaps we could get at this matter from another direction. I wonder whether the minister knows who screened these other people, Crawley and the Associated Screen News, and when that was done?

The Chairman: Carried?

Mr. Harkness: No, I want an answer.

Mr. Claxton: I would have to get that information for the hon. member. I was not there myself, I can assure him. I know of only one agency in the government service that does this screening, and that is the R.C.M.P. I cannot say it was the R.C.M.P., because I have not seen their reports. I would assume however that it was they, because it is the only agency I know of that does this sort of thing. These reports would be dealt with by the appropriate officials who, when satisfied, would proceed to place the business. The hon. member may take it that it was the R.C.M.P.

Mr. Harkness: In addition to that, it seems to me the minister or some of his officials must have the date when these others were screened by the R.C.M.P., and when the Department of National Defence was assured that it was all right to have them make these secret films. I think if we got that date it might tie in as being the same date they ceased using the national film board. Will the minister get that information?

Mr. Claxton: Perhaps we had better pass on to the next question while I try to get the information on this one.

Mr. Gillis: This is a matter which in my opinion the minister will have to clarify tonight. We have members of the press in the gallery, and it would appear rather ridiculous if the public were to read in tomorrow's press, particularly after all the emphasis we have been putting on communism in the debate during the last few days on external affairs, that we have a department of government with an appropriation in the estimates of some $2 million that cannot be trusted to do some work for the Department of National Defence.

The Minister of Reconstruction and Supply is in the house, and I believe the national film board comes under his jurisdiction. It is strange that employees who are taken on by the civil service, who have written the examinations and whose character and background have been checked, should be in question. Their honesty and integrity so far as Canada is concerned are checked before they are actually hired.

It is most important that this matter should not be let drop tonight. I should not like the people whom I represent to think that I sat here and passed an estimate for national defence while in a state of mind in which I was wondering what we are going to defend, or who was going to defend what. Is it a fact that we have a huge branch of government entrusted with practically all publicity of a visual nature which goes out throughout the country, and into other countries, but which the Department of National Defence cannot trust to make films for them?

Surely this is within the jurisdiction of the Minister of Reconstruction and Supply, who is responsible for that department. It it is suspect, he should know something about it. If it is not, then he should clarify the matter tonight in the house so that the press may have a clear picture to give to the people of Canada tomorrow.

I cannot understand how a minister can tell the house that we cannot trust a branch the employees of which must have been carefully screened before they were hired, and still can go out to private agencies in this city. Apparently he knows very little about how they were screened and who vouched for them. Yet he cannot trust his own branch. Surely the matter requires clarification. The Minister of Reconstruction and Supply presides over the national film board. I have always had considerable respect for the board, and I suggest he should have something to say tonight about it.

Mr. Quelch: This seems to me an amazing situation. I would ask the minister if it is the intention to give this work to the film board as soon as this screening has been completed, and how long he expects such screening to take.

Mr. Claxton: We would be glad to give the work, such as it is—and it does not amount to much—to any agency that can satisfy the requirements laid down by the government with respect to the screening of its employees. From the review I have made of the file while the debate has been going on, I would suggest there has not been any sharp, hard-and-fast decision of the kind that might be imagined. As we moved from the period of war to the post-war period we naturally had many films, and then we began to produce some new ones. Most of these were not of a restricted or classified nature. Some of them were done by the film board and some by other agencies.

It was only with the announcement of the government's policy with regard to the screening of agencies of the government and employees of the government, and the general tightening of security regulations which

took place more than a year ago, and which have gradually been overtaken and overhauled, that such questions as dealing with films which might be classified as confidential—and that does not mean in the top secret class—came up for consideration.

When that arose, the question also arose as to the possibility of dealing with the film board in sections so as to facilitate the speed of screening. Apparently there was some difficulty about that, and there was a good deal of correspondence as to how it should be handled. During such time, and until the screening is completed, there has not been any classified material handled by the film board. That is the position.

I am sure the Minister of Reconstruction and Supply will say that the screening is being proceeded with, and as soon as it is completed satisfactorily the film board will deal with films of a restricted nature.

Mr. Fleming: With all due respect, I do not think the statement the minister has just made has helped his previous statement one bit. The fact remains—and it is as bald as any fact can be—that last May, because they were not prepared to entrust the making of these films to the national film board on account of security doubts in reference to the film board, the Department of National Defence discontinued the making of films through that source, and turned to some private concern.

That was six months ago. This is November. How far has the screening process gone? The Minister of Reconstruction and Supply is in the house tonight, and it is under his department that the film board falls. In the intervening six months, the minister must have become aware that the Department of National Defence were withdrawing that work from the national film board. Has he taken steps to press forward with the work of reviewing the records in the film board, to make sure that those doubts are removed, and that all security problems have been resolved within the board?

This is a serious matter. I have already referred to the very serious question raised in times past about certain individuals in the board. I mentioned Freda Linton. Surely that is one place where this screening should have started. The minister has indicated that this started six months ago and I think the committee is entitled to know from the minister of reconstruction what progress has been made during that time in screening personnel in the national film board. The committee should be told if after that time it is considered that the national film board is now in position to justify on security grounds the making of films for the Department of National Defence.

Mr. Winters: My estimates are not before the committee, but when they are I shall be glad to discuss the affairs of the film board. Certain questions have been asked as to whether steps are being taken to satisfy the Department of National Defence and any other department that deals with the national film board as to its security. I should say that the mere fact that the Department of National Defence asks for a screening does not imply that that department is or is not satisfied with the security which it considers should prevail in the film board.

Mr. Claxton: It is quite automatic.

Mr. Winters: The department is simply asking that the employees be classified. We have asked the R.C.M.P. to press forward. In reply to the specific question as to whether or not we are pressing forward, the answer is yes. We have urged the authorities to press forward as quickly as possible. As hon. members will understand, it is not easy to screen people on a relatively large scale. There is not information in the R.C.M.P. files on everybody; perhaps that is a good thing and perhaps it is not. I am sure the Minister of Justice would have more to say about this subject. But again in reply to the question as to whether we are pressing the matter, the answer is yes.

Mr. Harkness: When I asked the minister a little while ago about screening I thought his answer would refer to the R.C.M.P., but there is another thought in my mind. During the war we had a reasonably good intelligence corps, and I suppose we have a reasonably good one now. I am wondering if it was because of the recommendation of that intelligence corps that it was decided it was better not to have these films made by the national film board.

I know that some people may think that the defence intelligence should not be digging into such matters, but personally I take the reverse point of view. As far as I am concerned, if the Department of National Defence thought that the national film board were not the proper people from the security point of view to make their films I would commend them for their intestinal fortitude in standing up to what is described in the *Financial Post* article as a virtual monopoly as far as government film business is concerned. What part did the national defence intelligence service play in this?

Mr. Claxton: As the minister of reconstruction said, it was not a case of having found out anything; it was simply a case of having a job undertaken by the R.C.M.P. and pressed forward as quickly as possible. When a report is received from the R.C.M.P. or from the Department of Justice with regard to the security of any person in a "vulnerable" department, it is examined by the department concerned. In the case of the Department of National Defence, the examination in the first instance would be by the intelligence officers. I can assure my hon. friend that they are just as strict and stern about such matters as he would wish them to be. In fact they sometimes advise me in ways which he himself has felt might be a little excessive.

When reports are received from the Department of Justice they are examined by the directors of intelligence of each service, with reference in the case of special instructions and directives in difficult cases to the joint intelligence committee or the joint intelligence board.

Mr. St. Laurent: Mr. Chairman, I think possibly I should say a few words of explanation. This matter came to my attention when I was Secretary of State for External Affairs. Hon. members will realize that we have a number of exchanges with other governments and there are different classifications of the material we send out and receive. The question arose as to what precautions we were taking to secure secrecy in such matters as might be considered secret or confidential, and there are various classifications. At that time the matter was considered carefully and it is still being considered carefully.

At times there have been what might be considered as leakages, not in connection with external affairs but in connection with our own domestic matters. Sometimes we read in the newspapers speculative stories that come near to what has been discussed in secret cabinet meetings. Then there are leakages of information in the sense that something sometimes becomes public before the agreed time when it was to become public. Because of that and to satisfy ourselves and those from whom we received and to whom we sent material it was felt that we should have a system that we could look upon as being secure.

When we went into the matter we came to the conclusion that this security should extend, not only to the Department of External Affairs and the Prime Minister's office but to the other departments to which documents of these various classifications were sent. It was felt that all those who were to have access to this material should be vouched for by the deputy head of the department.

The statement is made that the screening is done by the R.C.M.P. The R.C.M.P. does not make any decision about any individual. The R.CM.P. obtains a factual report and communicates it to the responsible deputy head of the department where the man is employed. Then the deputy head or the minister of that department must take the responsibility of saying whether or not that civil servant can be entrusted with classified material. That system has been extended to the Department of National Defence as it has to other departments that have access to material thus classified. Until the responsible head of a branch of government is prepared to say that he takes the responsibility for having secret documents entrusted to so-and-so, it is not done; and that process has not been completed with respect to the film board.

Hon. members will realize that we have to be careful. We do not want to do anything unfair relative to any individual. This is not a snooping process to undermine the character of anyone. It is being done in order to place the responsible head of each department in a position where he personally can vouch for all those who have access to the confidential material coming into his department. The R.C.M.P. were very reluctant even to go about securing the information, and it was found necessary to say to them, "Well, you will not have to make the decision. You just get a factual report and submit it to the permanent head of the department concerned. He will make the decision as to whether from that factual report he is satisfied that he can vouch for the person concerned." Not a large number of the personnel of the R.C.M.P. are engaged on that work, because it is rather disagreeable to anyone to have it said that he is being investigated. So it is being proceeded with in a discreet manner that will enable a responsible official of the mounted police to say, "This is all we can find out about this man." Then the responsible head of the department has to say whether that is enough for him to take the responsibility of entrusting that man with classified material. That is being done in connection with all those who in the normal course of the exercise of their functions would have access to confidential material.

Mr. Drew: In view of the remarks of the Prime Minister I think it would be appropriate for us to be told if there are any

other departments which at the present time are having outside agencies do the work they ordinarily would do because any branch of those departments is being screened in this way.

Mr. St. Laurent: I do not know of any other; but I do know that it is not everyone in my own office, as it is not everyone in the Department of External Affairs, to whom confidential material is entrusted. It is to those who have been screened, those for whom the head of the department feels he can take the responsibility of saying that it is not unfair to those who look to us to maintain proper security that the documents be entrusted.

Mr. Claxton: In reply to the leader of the opposition I think it should be made clear, too, that there has been no switch from the film board to the Crawley firm or to Associated Screen News. When the work of post-war organization was being proceeded with it was felt at a certain stage that the film board came within the class of government agencies which should be screened, and that work is being proceeded with. Mind you, the Department of National Defence, the Department of External Affairs and all government agencies concerned with restricted material are screened in this way.

Mr. Drew: I could not help overhearing one hon. member remark that this was making a mountain out of a molehill. It is not. This is a most unusual situation. The Minister of National Defence has just explained that there has been no withdrawal of work on this particular type of film from the national film board but that it is a continuation of work which was being done by two outside firms whose names he has mentioned, who are well known and highly reputable business concerns. If that is the case it is difficult to understand how this situation is related to the screening process which was undertaken a year ago, and which the minister has already given as the reason for the fact that the national film board is not doing this particular task.

Again, it does seem this is the sort of thing on which we should have a perfectly clear understanding. Either this work is not being done by the national film board because the national film board is being screened, or that is not the case. The last explanation given by the minister is simply to the effect that work is still being done which at an earlier date was entrusted to these two outside agencies. I think we should know whether or not some action has been taken in relation to this screening.

Mr. Claxton: Both statements are correct, and they are not irreconcilable. The work is not being done by the national film board because it is being screened, and the work is continuing to be done by outside agencies which have been screened. The amount of work in question is very small indeed, which is probably one reason why the matter did not come to the fore earlier.

Mr. Drew: That is one reason why this is a subject which should be thoroughly discussed while these estimates are before the committee. It will be recalled that one of the recommendations of the Mainguy report was that greater use be made of the national film board for the purpose of films to be used in the naval service. Every hon. member of this committee remembers the ancient Chinese adage that one picture tells a more complete story than a thousand words. That is perhaps even more true in the case of the moving picture than the still picture. Not only from the point of view of entertainment and recreation but from the point of view of instruction the moving picture film is of immense value. If the national film board is not being called in, or this work done by outside agencies has reached any substantial proportions, then I should say very definitely that here is one detail in connection with our national defence preparations which is not being properly carried out. There is no way by which many of the details of instruction can be better brought to the personnel of the army, the navy or the air force than by motion pictures, particularly in the case of parts, equipment and things of that kind and the placing of them together. By means of slow-motion pictures a very clear explanation can be given of all the details.

I do think this should not be left in the vague position it is in at the present time, because it raises another question in the mind of everyone here. If the fact that the national film board is being screened is the reason why it is not being entrusted with the taking of pictures which the minister has stated are not top secret but are at the secret level, then how can he explain the fact that other agencies of government which also are being screened nevertheless are carrying on their normal activities? As far as this committee is aware no other branch of any other department has been withdrawn from its ordinary functions, because of being screened, as is the case with the national film board. Either there must be some special reason in this case, or this whole system of screening may well create difficulties in different departments which had not been anticipated at the time it was announced.

I would point out, as the Prime Minister said, that in his department as in every other department naturally there are certain people who would be particularly designated to carry out certain highly secret or important discussions. It would seem that it would not be a very difficult thing to designate a limited number of employees of the national film board to carry out this particular type of work, in any case where there is some measure of secrecy. I think the explanation just does not hold water, and we should know what the facts really are.

Mr. St. Laurent: I believe the hon. leader of the opposition is under a misapprehension. We are told by our security committee that it will be necessary to have all those employed by the film board who could possibly have access to confidential material screened, before it will be proper to entrust that board with the preparation of classified material. Because it is felt that it would be the proper thing to have all this work or as much of it as possible done by the government agency, this screening is undertaken. It is intended to have the film board certified to be in a position, or have them get into a position, where the classified material can be entrusted to them.

Mr. Wright: This seems to me to raise a serious question, when one department of the government cannot be trusted to do certain work and private firms can be trusted. I should like to know what steps the government has taken to screen those private firms that are doing this secret work. The employees of those companies are not the employees of the government, and the government has no control over them. If this work is of such a nature that the film board cannot be entrusted with it, I should like to know how these private firms can be trusted and what screening of these companies has been done which gives the government the confidence that these firms can carry out the work without any danger to our security.

Mr. Claxton: I can answer that question in a way that will help to make this clear. During the war the national film board had a great deal of work to do in connection with war information. As hon. members know, it produced all sorts of films of an informational character. The type of film that we are talking about here, the restricted or secret film, was handed to other agencies than the film board, not for reasons of security but for reasons of convenience at that stage. That situation still continues. The film board still does the great bulk of the work for all government agencies, including the armed forces, work of a training character, an informational character and publicity character.

With regard to this relatively small restricted class of material, the arrangements which existed during the war are being continued, pending the clearing of the employees of the film board for security.

Mr. Wright: The minister has not yet answered my question as to the method used by the government in screening the employees of the private firms. How do you screen the employees of the private firm?

Mr. St. Laurent: The answer is that the firm takes the responsibility for certifying that secrecy will be observed, whilst in the government department a deputy head takes the responsibility for certifying that so-and-so, whom he knows personally, is well enough known to him that he does not have to be screened. There are others about whom the deputy head has not sufficient knowledge to take the responsibility of certifying to us that he can be entrusted with confidential documents. With respect to those people, we asked to have a report made by an investigator of the R.C.M.P. and submitted to the deputy head. On that report the deputy head can say whether or not he will take the responsibility of vouching for that member of his staff.

Mr. Harkness: If I understand the Prime Minister correctly, his remarks have given us a considerably different picture. The Minister of National Defence told us that the film board people were being screened, and that he would receive information about the employees of the private firms who were also being screened by the R.C.M.P. If I understand the Prime Minister correctly the R.C.M.P. did not do any screening at all; they merely got information about certain people—

Mr. St. Laurent: That is what we call "screening".

Mr. Harkness: Then, that information was turned over to the Minister of National Defence, the Minister of Public Works or whoever it may be. It is then up to that minister and his officials to make a decision as to whether or not those people should be entrusted with any secret work. If that is the situation, then so far as I can see the R.C.M.P. must have turned in to the Department of National Defence information in connection with certain persons in the film board, and as a result of that information the defence department people said, "No, we will not have those people do any secret pictures for us." That is the situation as I see it at the moment. Is that correct?

Mr. St. Laurent: It is only partially correct. It is not as a result of having seen reports that were unfavourable; it is due to

the fact that enough reports have not been seen to say that the whole board is certified for security purposes. In the story the hon. member read from the *Financial Post*, you have an example of the fact that there is leakage. It was not intended to publish this, and I do not think it is in the public interest that it should be published and discussed here. It is something that we would have preferred not to see published, but it has leaked out. How, we do not know. Where the newspaperman got his informaion, we do not know. We are inclined to believe he did not get it from the officials of the R.C.M.P.

Mr. Harkness: Would the Prime Minister not agree with me that this is the sort of information that members of parliament should be given, if there exists a department of this government to which another department is not willing to entrust secret work? It seems to me it is a matter which calls for some parliamentary discussion. I can hardly see the Prime Minister's point that matters of this sort should be kept from us, and of course, generally speaking, from the people of Canada.

If it happened to be such a matter as perhaps should not be made public, then I would suggest once more that the committee for which we have been pressing would have been the proper place to give that information.

Mr. Knight: We seem to be getting away from these commercial firms. It would banish some confusion and certainly in my own mind if the minister would say whether, in putting the work in the hands of these commercial firms, there was any other consideration except that of secrecy?

Mr. Claxton: I believe, sir, at the time the work was first put there, it was put there because this was work—

Mr. Knight: I am not speaking of wartime when everyone was very busy.

Mr. Claxton: Since then the work has been put there because we were continuing to follow the patterns established during the war.

Mr. Knowles: A few moments ago the Prime Minister expressed the view that the government would have preferred not to have this matter discussed and publicized in this way, but he admitted it is now out in the full view of the public. It seems to me that the matter becomes worse as the discussion continues. Is the Prime Minister willing to leave it to the press now to say that the government is prepared to accept the word of the heads of private film organizations that there is no danger to security in employing them, but is not prepared to trust its own film board? It boils down to that, as the matter now stands.

Mr. St. Laurent: No, that is not the situation. It is known that these private firms have been doing work of that character for a good many years. There has been no suggestion that absolute secrecy was not being observed. The question arose as to whether the work should not be taken away from them and all be given to the film board. The decision was that that would not be done until the minister responsible for the film board had had reports that satisfied him that for security purposes we could vouch for the film board.

Mr. Pearkes: I think, Mr. Chairman, you will see some of the difficulties which the minister experiences with this policy of unification, because I now want to discuss quite a different subject, that of the air force.

Mr. St. Laurent: Before the hon. member passes on to that subject, may I just add a word. I am saying that I regret that this matter has become public, not because it is embarrassing to the government but because I think it is unfortunate that there should be any impression—and there will be such an impression—that those who are in the employ of the board are under a cloud. I think it is unfortunate that they should be under a cloud. We were endeavouring to proceed in such a manner as to obtain certification without anyone going under a cloud. This premature publicity, before we are in a position to make a positive statement that each one has been examined and that we are prepared to vouch for each one, is unfortunate; it is unfortunate that any cloud should be resting on the group.

Mr. Quelch: Until the Prime Minister made his statement, I thought I understood the situation. The Prime Minister now says that work is given to firms where assurance is given that secrecy will be maintained. In other words, screening is not required. But earlier the Minister of National Defence said that this work is given to firms whose employees have already been screened. Can we say definitely that firms that are doing the work today have screened their employees? The Minister of National Defence said that they had; the Prime Minister says no; that they only required an assurance.

Mr. St. Laurent: No, I do not say that they have not been screened; I say that I do not know. I say that, as far as I was concerned, that work was continued because it had been done during the period of the war and no untoward incidents that I know of had happened at that time. I cannot say that every individual employed by those firms has been screened. As far as I know, we were relying on the firm and not upon a decision of our own; whilst with respect to the film board,

we will look to the Minister of Reconstruction and Supply to say to us that he has satisfied himself that we can vouch, to those from whom we get and to whom we supply secret material, that all those having access to it can be trusted.

Mr. Knowles: The Prime Minister said that there is no evidence that they know of any untoward incident—

Mr. St. Laurent: No.

Mr. Knowles: —on the part of employees of the private firms.

Mr. St. Laurent: Nor of the film board.

Mr. Knowles: That is the question I wanted to ask.

Mr. St. Laurent: Nor of the film board.

Mr. Pearkes: Is the Prime Minister through?

Mr. St. Laurent: I apologize for having broken in, but I thought it was only fair to these employees of the film board that I should endeavour to put the situation as right as it can be put at this moment.

Mr. Quelch: Will the Prime Minister say why, all of a sudden, the government has ceased to trust the employees of the film board? He says that nothing has come out, that nothing has been divulged. Why do they suddenly not trust those employees?

Mr. St. Laurent: Up to the present time they have never done any of this confidential work. The question arose as to whether they should not be required to do it instead of our continuing to have it done by the firms which had been doing it. Before coming to that conclusion, we want the minister responsible to say to us that he has satisfied himself that we can vouch, to those who send us confidential material and to whom we supply confidential material, that all the members of the film board can be trusted with confidential material. That investigation has not yet been proceeded with to the extent that our colleague is prepared to take that responsibility to us, and we are therefore not prepared to take it with those with whom we are associated in exchanging this confidential material.

Mr. Pearkes: I am obliged to change the subject, and I think the Prime Minister will agree that we have discussed long enough the one to which our attention has just been directed.

Under section 97 of the white paper, the strengths of the reserve forces are given, and the figure of 3,086 is given for the air force. I was going to ask the minister whether those 3,086 personnel are divided between the ten squadrons of the air force auxiliary and the radar units of the air force auxiliary as shown under section 117.

Mr. Claxton: Yes, plus a certain number of air force reserve called up to receive pay on a full-time basis. This would permit us to consider the figure of 3,086 on precisely the same basis as the corresponding figures for the numbers of naval reserve divisions or for the army reserves effective.

Mr. Pearkes: Can the minister give a breakdown of that 3,086, as to how many are in those air squadrons, how many are in the radar unit, how many of those are called up from this general reserve and also how many are flying personnel and how many are ground crew?

Mr. Claxton: That is a breakdown into categories that are complex, and I shall have to get the information for the hon. member. The great majority are in the ten squadrons. There are some 250 in the radar unit, and a relatively small proportion are in the reserves that are called up. I can give the hon. gentleman the exact figures and also the division between air and ground crew.

Mr. Pearkes: Thank you. Are those reserves which are called up serving with the auxiliary squadron?

Mr. Claxton: Yes.

Mr. Pearkes: They are not a separate branch?

Mr. Claxton: No.

Mr. Pearkes: Then when we come to the active air force, the figures given are 16,356. Can the minister give a breakdown of that figure showing how many are flying personnel, how many are ground personnel and how many are administrative personnel not taking part in flying operations?

Mr. Claxton: I have that breakdown. I can give it to the hon. gentleman later.

Mr. Pearkes: I am anxious to get that information because I think it will show, far more clearly than the mere total numbers, the number of flying personnel that we have. That is the point I want to get at.

From what the minister has just told us, the reserve air force is not a reserve at all, except that it is allocated to auxiliary fighter units. What organization is there for replacement of flying personnel in the active units should hostilities break out and operations

take place, and should it be necessary—as it would be if there were operations—to replace a large number of the flying personnel?

Mr. Claxton: The first source of replacements—they really would not be replacements, they would be additions to the air force flying personnel—would come from auxiliary units themselves. Then there are a number of classifications of air force reserves, six in number. No great effort has been made to recruit these up to large strengths, because they are all available in the event of an emergency, and no great advantage would be gained in taking on the extra paper work to keep in touch with them. But included among them, of course, are the members who served in the R.C.A.F. or R.A.F. from Canada during the war, in the course of which some 71,000 air crew of Canadian origin were trained. A number of them are still available, and with retraining would be available.

Then in the universities at the present time we have some 679 in training. It is hoped that that number will be increased with the increase of training facilities. This represents a small proportion of what would be needed in the event of war, but we are proceeding with the training as rapidly as possible.

In connection with the figure of 3,086 for the air force auxiliary, I might mention again the figure I gave today from a return in the United Kingdom where the corresponding number, at the 29th of September, was 5,350; so that in proportion our figure is measuring up rather well; but it is still far short of what we would need.

Mr. Pearkes: I think, Mr. Chairman, that from what the minister has said I had ample justification for being concerned as to where the replacements for the active air force flying personnel would come from. It was suggested by the minister just now that the first line would be to deplete—he did not use the word "deplete"—or to draw from the auxiliary squadrons.

Mr. Claxton: "Draw through", I think, would be a better term.

Mr. Pearkes: Draw through the auxiliary squadrons. I presume that would be drawing untrained people because I do not know where they exist now except that they are the ex-R.C.A.F. personnel and ex-R.A.F. personnel who are in Canada. These people are getting on in years, and that is not creating an organization. From what the minister has said I see no organization where he has any men in training coming up as a big reserve of trained men, except those 600 from the universities.

Mr. Claxton: On that again we have doubled within one year the number in the auxiliary and the number in the university or training plans.

Mr. Pearkes: I am glad to hear the word "doubled". I hope that he will double it again very quickly because I think it is the Achilles heel of the defence force.

Mr. Claxton: It is certainly a very important factor, and again it is one which depends on the use of resources. As the hon. member knows, it costs a great deal of money to train air crew, and they are available for an effective service life of limited duration. We are pressing on with another category which I should mention, and which I omitted before, namely, men training for short service commissions; that is, men who are taken on to the air force regular strength, with educational standards generally equivalent to senior matriculation. They are given a period of service of five years. Then they are eligible, if they are selected, for continuation in permanent commissions, but that method of augmenting air crew has been extended during the last two years—

Mr. Pearkes: Where would these men be shown? Under the 16,000?

Mr. Claxton: Yes, under the 16,000.

Mr. Pearkes: So the 16,000 active force includes a lot of people who are temporary.

Mr. Claxton: Who are in training for air crew but are not there temporarily in the sense that it is just for a matter of weeks, but who have joined on for periods of five years in order to provide a larger number of air crew for the period of active flying life. They are part of the active forces.

Mr. Pearkes: They are in reserve outside. They can hardly be considered as replacements. The minister will be able to get me a breakdown of this figure, showing how many are flying personnel and how many are ground crews.

Mr. Claxton: Oh, yes.

Mr. Pearkes: Regarding radar units, which the minister spoke about, can he tell us the policy regarding these radar units? Are they all going to be stationed in the north, or are they all going to be stationed around industrial centres, or are they going to be organized and are they all going to be manned by the R.C.A.F., or will some be manned by the army in co-operation with perhaps anti-aircraft units, and some with the navy? What is going to be the organization? Is there going to be a special corps set up, a radar corps, or what?

Mr. Cruickshank: Send it to Russia. They want to know all these things.

Mr. Claxton: As I said in the house the other night, there is no intention on the part of the department or the government at this time to set up anything of the nature of a radar screen or grid that would effectively cover Canada as Britain or Germany was covered by radar during the war. That is quite beyond the resources of Canada. Even the most effective radar screen is successful only in detecting a certain proportion of the enemy planes. Then there is required a communications network, backed by interceptor planes to bring them down. Canada is so big that it is not susceptible of defence in that way, and it is no part of our present plan to defend it in that way. If we were to set about defending it in that way we would be spending so great a proportion of our national income on static defence that we would not have any money left for any other purpose whatever in the way of defence, and consequently that is not the idea.

What we plan to do is to have a number of radar stations located at various points, which are regarded as useful from the point of view of intercepting any enemy on a likely course, and which are regarded as useful also from the point of view of affording protection to a limited area. At the beginning that area will be very limited; but we hope that means may be forthcoming to extend it. This work will be done by permanent forces, the air force at the more isolated centres, supplemented by air force reserve units such as the first one established at Montreal, which is making very good progress under the really first-class leadership of Squadron Leader Patrick. It was that unit which took part in the Exercise Metropolis, when some two or three hundred members of the regular and auxiliary air forces brought mobile equipment to New York and assisted in the detection and interception of aircraft there.

The radar unit in Montreal we hope will be followed soon by one in Toronto and in other principal centres where we can draw upon officers and men with either air force or radar experience, or having particular interests in that field of work through being engaged in the electronics or electrical industry.

Mr. Lennard: I wish again to make an appeal on behalf of the personnel of the reserve forces and the officers and instructors of the cadet corps across Canada in connection with their pay being subject to income tax. The minister knows this matter has been discussed on other occasions, and he mentioned this afternoon that it was under consideration.

[Mr. Pearkes.]

I am wondering who is holding it up, because it has been under consideration for several years. I feel sure the minister is not, but it must be either the Minister of National Revenue or the head of some other department. This is a grave injustice to these personnel. I know from personal experience, when I had something to do with sea cadets during the war, that while I did not receive pay at that time the amount I was called upon to spend to keep the thing going was far more than anything I would have received in the form of pay. I know that is the position today, and it is a grave injustice being forced upon this personnel who are devoting their time, in addition to their other regular activities, to the defence forces of Canada. There should not be any further delay in considering this matter in favour of those chaps who in some cases are giving all their spare time toward improving the defence forces of this country. Then these additions are made to their incomes, and they are taxed on it. In my opinion this is most unfair.

Mr. Claxton: I appreciate what the hon. member has said. What is holding it up is the provision in the Income Tax Act. What is needed is a formula whereby the pay of reserve and cadet officers shall not be considered as income. If the hon. member can invent that he will have solved the problem.

Mr. Cruickshank: I would like to suggest a formula to correct this situation. I agree entirely with what has been said by the hon. member for Wentworth. We heard the other day, from the Minister of Finance, a formula through which we are going to beautify Ottawa. You just take 80 per cent from 60 per cent and add 4 per cent, and find out how old your mother-in-law is, and then 'phone for Einstein—and you have it. I am entirely in accord with what the hon. member has said, and it is high time the Minister of National Revenue, or whoever is responsible, gave us some action in this matter.

Some hon. Members: Carried.

Mr. Harkness: For the benefit of some hon. members who are calling "carried" let me say I have eight more questions jotted down, so they might as well save their breath.

My first question has to do with the navy. Under the heading in the details which deals with equipment and things of that nature there is an item of $26 million. How much of that is for ship construction? The item also includes the purchase of trucks and other types of equipment.

Mr. Claxton: It is broken down as follows:

Signal and wireless stores	$ 2,957,140
Ammunition and bombs	3,730,449
Armament stores	867,514
Mechanical transport	395,000
Operating costs of mechanical transport	153,100
Acquisition and construction of ships (portion payable this year)	6,100,000
Acquisition and construction of aircraft	668,000
Repair and upkeep of ships and aircraft	7,447,934
Naval and aircraft stores	3,909,458
	$26,228,595

Mr. Harkness: Is this $6 million for ship construction and acquisition chiefly for the three new subchasers being built? Would a portion of their cost come under this, or is it for other than that?

Mr. Claxton: These will be first payments on the following:

Minesweepers	$ 700,000
Antisubmarine vessels	1,650,000
Gate vessels	900,000
Tooling and miscellaneous charge	750,000
Icebreaker	1,500,000
Miscellaneous vessels	100,000
Carryover from 1948-49 regarding icebreaker	500,000
	$6,100,000

Mr. Harkness: This afternoon and last Friday we had a general discussion as to the proportion of forces in what I would call actual fighting units as compared with those in command and administrative posts. In that connection, and to get down to something more definite, can the minister tell us how much of the money in these appropriations is for the reserve brigade group (army) and how much is for the operational squadrons of the air force, so far as the air force is concerned?

Mr. Claxton: There is no possibility of making any such breakdown without going through every item of defence expenditures from start to finish, because the expenses of headquarters staffs, R.C.E.M.E. workshops, ordnance corps, ordnance corps stores and so on are not kept in books that relate to the ultimate consumer. The portions of the overhead and the like are not related in that way. There is no way of giving that information from our figures.

Mr. Harkness: If the minister cannot give us a breakdown along that line, could he tell us where the shortages of manpower in respect of the establishments he hopes to have in a reasonably short space of time are to be found? In other words, are those shortages in the army, in the reserve brigade group or at headquarters staff, or are they in the army service corps supply units, or where are they? And, so far as the air force is concerned, are those shortages of manpower in the establishment of operational squadrons or in some of the administrative positions?

Mr. Claxton: They are scattered through. The greatest shortages proportionately are in the occupational groups requiring the highest educational standings, senior matriculation and the like. I think that applies to both the army and the air force. As I say, the navy is up to strength in other ranks personnel. It is divided between various units. As the various units are filled up the opportunity of joining those is not extended to men applying for recruitment; if they want to join the army their choice is limited.

The proportions of the brigade group left to be filled up is made up in part of men who are already in the training stream in the various corps schools and who will be posted to units in the brigade group so that the shortage there should be filled relatively speedily.

Mr. Harkness: Do I understand that when the present recruits whom you have taken in and who are now undergoing training are posted out the brigade group will be pretty well up to strength?

Mr. Claxton: To about 70 or 75 per cent, something of that character.

Mr. Harkness: From the details I notice that the vote for the reserve army is approximately $200,000 more this year than it was last year. The minister told us earlier that they hoped to get a considerable increase in the reserve forces and that a considerable increase had already been secured for last year and he hoped it would be increased still further. I am wondering how that considerable increase in the numbers in the reserve army is going to be looked after when there is only an increase of $200,000 in the vote. Did the minister and the department estimate that there would not be much of an increase and therefore did not budget for any more than $200,000 extra?

Mr. Claxton: We hoped for a large increase and the increase has been considerable. If the money available for the reserve forces as set out here is inadequate and there is money available in other votes, it is possible by application to the treasury board to secure an allocation to meet the additional cost. The reserve force vote last year was larger than was required and that is why it is only $200,000 larger this year.

Mr. Harkness: The details on page 198 show the biggest reduction to be in pay and allowances, from $6,300,000 in 1948-49 to $5,701,000

for the current year. That would seem to indicate that the department had estimated that the reserve army would be smaller this year.

Mr. Claxton: It is exactly the reverse. The estimate for 1948-49 was larger than proved to be necessary and therefore it was not necessary to increase the estimate proportionately with the additional numbers and activity that we anticipated. Because we underspent on this item in 1948-49 it was possible and proper to put in the smaller increase which is here, but that is not on account of reduced activity.

Mr. Harkness: I take it that, as far as last year was concerned, the number of people you thought would be in the reserve army and the amount of training you thought would be required was considerably less than had been estimated?

Mr. Claxton: The cost was.

Mr. Harkness: In other words, the recruiting scheme was comparatively less successful than you had budgeted or hoped for last year?

Mr. Claxton: We have been trying to build up the army reserve steadily and have done everything possible to assure that. In consequence of the interest shown we hope we may be able to get an extra 10,000 men. Nevertheless, last year we enlisted 12,000 men in the army reserve.

Mr. Harkness: I thank the minister for the explanation he has given. I thought it peculiar that he was budgeting for a smaller amount for pay and allowances and for the training of these reserve force soldiers. I notice that the item covering personnel supplies and services, which includes food supplies, is up approximately $10 million just for the army. The number in the army is not very much greater comparatively now than it was last year and I was wondering why this item should be so markedly or sharply increased?

Mr. Claxton: The increase is largely due to the increase in the strength of the active army. As I pointed out, each extra man means an extra $2,600. I have the increase broken down into the various details. For one thing, the ration scale was increased, which increased the ration cost as from January, 1949.

Mr. Harkness: The reason given by the minister would not seem to be applicable. This increase is for food, clothing and things of that sort and the total number in the regular forces has increased by only a few thousand. That increased number certainly could not increase the vote from $8 million to $18 million. I think the explanation given by the minister must be wrong and that this increase is not due to the greater amount of food and clothing required.

Mr. Claxton: I can give the hon. member the actual number of the increase which would be multiplied by $2,600, the cost per man. An additional $2,198,000 was required for food. An additional $743,000 is to be paid to the Department of Veterans Affairs for hospital services. The increased requirement for consumable dental stores reflecting using up of stocks from wartime surpluses, increased replacement of obsolescent dental equipment was $64,000. The increased requirement for purchase of cloth for manufacture of undress blue uniforms, purchase of Arctic clothing, bush type summer clothing, airborne stores, was $4,204,000. The increased provision for stoves and refrigerators for C.M.H.C. housing development, provision for Arctic barrack stores, provision for expendable materials, and lumber for ordnance depots, R.C.E.M.E. units and depots, provision for items of barrack and hospital stores, was $2,889,000. They provided the houses but we are to provide the stoves and refrigerators. Then there is an offsetting item reducing those additional items by $150,000, representing a reduction in laundry and dry cleaning. I think that accounts for the difference.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): On Monday we will take up the resolutions concerning the trans-Canada highway. I mention this because some time ago I consulted the leaders of the different parties, who gave me a list of the bills or resolutions they considered important, and this was one of them. So Monday morning at eleven o'clock we shall take up that resolution. The second item will be the second reading of Bill No. 149, respecting bankruptcy. I am told the motion for second reading will not involve much debate, and it is the intention to refer the bill to the committee on banking and commerce immediately second reading is given. Then we shall proceed with Bill No. 142, to amend the National Housing Act, which is in the committee stage. If we have time we shall take

up Bill No. 63, respecting the inspection of fish and marine plants. That has been through committee, also.

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

[The following items were passed in committee of supply]:

DEPARTMENT OF NATIONAL DEFENCE

General services—

239. Grants to military associations, institutes and others, as detailed in the estimates, $227,150.

240. Miscellaneous maintenance and adjustments (war of 1914-18), $32,275.

241. Battlefields memorials, $54,605.

Pensions and other benefits—civil pensions—

242. Robert Allen, $193.

243. Walter Pettipas, $516.

244. Florence Walker, $360.

245. Michael Mountain, $420.

246. Mrs. Alice Smuck, $480.

247. Mrs. Mary Whittington, $200.

248. Mrs. Eleanor F. Nixon, $1,288.

Militia Pension Act—

249. Government's contribution to the permanent forces pension fund, $9,046,347.

HOUSE OF COMMONS

Monday, November 21, 1949

The house met at eleven o'clock.

AGRICULTURAL PRODUCTS

PRIZE WINNERS AT TORONTO WINTER FAIR

Mr. M. J. Coldwell (Rosetown-Biggar): I rise on a question of privilege, Mr. Speaker. The house will be pleased to know that once again an unique distinction has been conferred upon the constituency of Rosetown-Biggar by one of its farm residents, Mr. Albert Kessel, of Valley Centre, who not only won the silver cup for the northwest championship for his grain, but last week was awarded the world championship for his rye at the annual Royal Winter fair in Toronto. I should add that last year, Mr. Kessel won a championship ribbon and first prize for a sheaf of wheat, and a first for oats at the same winter fair.

I might say also that in 1947 Mr. Albert Robbins of Laura, in the constituency of Rosetown-Biggar, won the grand prize for oats and in 1948 a reserve championship for an exhibit of barley at the Royal Winter fair. I am sure all hon. members will join with me in congratulating these Saskatchewan farmers for their successful efforts to improve the products of the Canadian grain growing industry.

WINNER FOR OATS AND BARLEY

Mr. John Decore (Vegreville): Mr. Speaker, according to newspaper reports, one of my constituents won the world championship with his exhibits of oats and barley at the Royal Winter fair. The name of the winner is John T. Eliuk, and in winning this award he became the first such double winner in this fair. Incidentally, Mr. Eliuk was the oat king at the Chicago World fair in 1948. This is not the first time that some of my constituents engaged in farming have obtained world recognition of their ability.

It is a pleasure for me to record the congratulations of this house to Mr. Eliuk upon obtaining such a high distinction as winning this double award. The constituency which I have the honour to represent is noted not only for the richest and biggest oil field in Canada, but also for the type of farmers who are given world recognition for their efforts.

Mr. J. L. Gauthier (Sudbury): Mr. Speaker, since all these farmers are being mentioned this morning, I believe I should draw the attention of this house to the fact that, although my constituency is one of the richest in minerals in Canada, on Friday Mr. Theophile Dépatie of Hanmer, Ontario, Sudbury district, was crowned potato king of the world.

Mr. Robert Fair (Battle River): I do not believe it would be fair to let an occasion such as this pass without joining with the other speakers in their congratulatory messages, and I should like to extend congratulations to the district agriculturist from my home town, Mr. E. H. Buckingham, for the part he played in bringing three firsts to Alberta from the Royal Winter fair at Toronto, and in addition, the high singles in those classes. Mr. Buckingham and some of his associates came east with five young people's teams, and in taking home these three firsts has conferred quite an honour upon my fellow citizens and his associates from the province of Alberta.

Mr. Knowles: The people in my riding are raising Cain over the lifting of rent control.

AGRICULTURE AND COLONIZATION

CHANGE IN PERSONNEL OF STANDING COMMITTEE

Hon. Alphonse Fournier (Minister of Public Works) moved:

That the name of Mr. Argue be substituted for that of Mr. Herridge in the standing committee on agriculture and colonization.

Motion agreed to.

MOTION FOR LEAVE TO SIT WHILE HOUSE IS SITTING

Mr. A. J. Bater (The Battlefords) moved:

That the standing committee on agriculture and colonization be empowered to sit while the house is sitting.

Motion agreed to.

S. S. "NORONIC"

DESTRUCTION BY FIRE ON SEPTEMBER 17—JUDGMENT AND REPORT OF COURT OF INVESTIGATION

Right Hon. C. D. Howe (Minister of Trade and Commerce): For the Minister of Transport (Mr. Chevrier), I wish to give the house a summary of the report of the court of investigation into the loss of the steamship *Noronic* by fire on September 17 last.

The Minister of Transport informed the house that under the provisions of the Canada Shipping Act he had appointed the Hon.

S.S. Noronic

Mr. Justice Kellock, of the Supreme Court of Canada, to act as commissioner and to hold a formal investigation into the loss of that steamship. The commissioner, sitting as a court of investigation, was assisted by Captains H. S. Kane and Robert Mitchell as nautical assessors, and Mr. Neil B. Gebbie as engineer assessor.

Counsel appeared for the Department of Transport; for Canada Steamship Lines Limited, and officers; for the Attorney General of Ontario; for the attorney general of the state of Ohio; and for the Seafarers' International Union. Mr. W. K. Campbell acted as registrar of the court.

The court held hearings in the city of of Toronto on eighteen days in September, October and November, and the final sitting was held at the city of Ottawa on the 21st day of November, 1949.

Many witnesses were called to give evidence, and ample opportunity was given to everyone who had personal knowledge of the circumstances of the disaster to come forward and testify. I think I may say without fear of contradiction that the investigation was searching, impartial and thorough.

The judgment of the court was pronounced this morning in open court as follows:

Court of Investigation
S.S. *Noronic*

Monday, the 21st day of November, 1949.

The Honourable Mr. Justice
R. L. Kellock, Commissioner

This matter, coming on for hearing before this court at its sittings held at the city of Toronto in the province of Ontario on the 28th, 29th and 30th days of September, the 3rd, 4th, 5th, 6th, 7th, 11th, 12th, 13th, 14th, 17th, 18th, 19th, 20th, and 21st days of October and the 7th day of November, 1949, and judgment having been reserved until this day and the same coming on this day for judgment:

1. This court doth order and adjudge that the certificate of William Taylor, being passenger inland waters' certificate No. 6703, be and the same is hereby suspended until and including the 21st day of November, 1950.

2. And this court doth further order and adjudge that the costs of the Department of Transport of this investigation be taxed upon the scale of the Exchequer Court of Canada and be paid by Canada Steamship Lines Limited.

3. And the court doth not see fit to make any further or other order touching the costs of the said investigation.

R. L. Kellock,
Commissioner.

Hugh S. Kane
Assessor

R. Mitchell
Assessor

Neil B. Gebbie
Assessor

The commissioner's report, concurred in by the assessors, is embodied in a separate document that has been forwarded to me by the commissioner in accordance with the provisions of the Canada Shipping Act. I now table a copy of the report, and copies will be available for all members of the house.

The report of the court of investigation is a lengthy document, as befits an investigation of major importance, and should be carefully read by all those who are concerned in preventing a recurrence of such a terrible disaster. I shall not attempt in this statement to review at length the contents of the report, but will endeavour to point out to members of the house some of the more important observations and findings of the court.

In the first part of the report the commissioner reviews the legislation and regulations to which the ship and its owners were subject. He finds that the *Noronic* was built in 1913 and was constructed without fire-resisting bulkheads. Under the regulations, the ship, as an existing ship, was exempted from compliance with the regulations which came into force in 1939 and which require new ships to be constructed with fire-resisting bulkheads.

The *Noronic* was equipped with a fire alarm system which was mechanically in good order, with fire-extinguishing equipment consisting of hydrants, hoses, fire extinguishers, pumps, smoke helmets and lamps which had been inspected by the Canadian steamship inspection service on April 23, 1949, and had been approved by the steamship inspector. The commissioner expresses the opinion that the laxity of the inspection in requiring compliance with the regulations could only induce or encourage a similar laxity on the part of the owners and officers of the ship with respect to the vital matter of preparedness for fire.

Pursuant to United States legislation, the provisions of the Canadian regulations were considered by the United States authorities as approximating those in the United States, and a certificate was issued on April 28, 1949, by the inspection office of the United States coastguard admitting the *Noronic* to the exemptions and benefits provided by United States statutes relating to the inspection of boilers, machinery, hull and equipment. This meant that compliance with Canadian regulations was considered sufficient.

The certificate issued by the Canadian steamship inspection service permitted the ship to carry 600 passengers and 200 crew. At the time of the casualty the ship carried 524 passengers and 171 crew.

There are no regulations applying to Canadian passenger ships on the great lakes with respect to the maintenance of any fire patrol system or as to fire drills for either passengers or crew. However, the commissioner states

that, in his opinion, it is implicit in the regulations relating to fire-extinguishing equipment that there shall be provided by the shipowner men trained to use the required apparatus and so organized that the presence of fire on shipboard may be learned at a sufficiently early stage to make the use of the required apparatus in the hands of such men effective in its control. So far as patrolling for detection of an outbreak of fire is concerned, that is a duty which, it was decided as long ago as 1910 by the Supreme Court of Canada in the case of the Dominion Fish Company *v.* Isbester, is incumbent upon the shipowner for the protection of sleeping passengers in the case of a ship lying at dock.

In a ship equipped with neither automatic apparatus for detecting an outbreak of fire on board nor an automatic sprinkler system to extinguish it if it did break out, as was the case with the *Noronic*, an efficient patrol for the detection of fire at the earliest possible moment would appear to be essential. The fire patrol actually employed on the ship was inadequate for the purpose.

The report deals with the organization, or lack of it, of the officers and crew of the ship to meet a situation such as occurred. Only 15 crew members were required to be on the ship at the time of the fire, the remainder being free to go ashore.

After reviewing the evidence of certain witnesses, the commissioner finds that, in his opinion, no one in a responsible position in connection with the ship, either on the ship or ashore, had applied his mind in any serious way to the handling of a situation such as arose on the outbreak of fire on the night in question, although such an eventuality could not be considered otherwise than as one that might occur at any time. Moreover, complete complacency had descended upon both the ship's officers and the management. The fire which actually occurred found officers and crew without any organization designed to deal with such a situation.

The commissioner further states that, in his opinion, it is clear there was no training of the crew with respect to fire or its detection, or what should be done after detection, apart from what might be picked up by attendance at fire drills. The lack of any effective system of patrolling for the purpose of fire detection and the lack of any system by which, when fire was detected, the information of its presence and location could immediately be sent to some central locality, where personnel trained in methods of dealing with fire were available to be sent to the spot immediately, accounts, in the commissioner's opinion, for the loss of life which ensued.

The commissioner points out that the outbreak of fire on a ship at a time when it has a large number of sleeping passengers on board requires of necessity a pre-arranged plan for arousing and getting them off the ship. The *Noronic* had no such plan. Any organization which the ship did have was designed to function in other circumstances with a complete crew on board. Accordingly the fire found the ship totally unprepared to deal with the situation. Such efforts as were made to fight the fire were scattered and ineffective, and the heavy loss of life shows clearly the failure of the crew to rouse those sleeping passengers who were unable to escape from the burning ship.

The report states that the evidence established the origin of the fire to have been in a small linen closet located just forward of the women's washroom opening onto the port corridor on "C" deck. The actual cause of the fire was not established, but there was no evidence of the fire having been deliberately set.

The procedure followed in formal investigations of this kind is for the Department of Transport to propound certain questions for the opinion of the court. The report of the commissioner sets out at the end thereof the questions raised and the answers given by the court. Following these questions and answers the commissioner makes some observations on the suspension of the master's certificate and gives reasons for awarding costs. The report concludes with certain recommendations made by the court. I should like to read the more important of the questions and answers which are found on pages 94 to 96 of the report, and which are as follows:

Question 15: When fire was discovered on the S.S. *Noronic* was all possible and proper action taken to save life, to fight, control, localize, and extinguish the fire? If not, in what way and to what extent was the action taken, if any, defective or inadequate?

Answer: The action taken for the above purposes by the ordinary crew members was no doubt such action as they would be expected to take without direction in such circumstances, no officer of the ship having taken charge of the situation or having attempted to give any general directions, if such was possible at the advanced stage which the fire had reached when the alarm was given.

Question 16: If all possible and proper action was not taken or was not taken soon enough to save life, and fight, control, localize and extinguish the fire, was the master or any other person or persons on the vessel to blame? If so, whom?

Answer: After the alarm had been given the only thing it might have been possible to do, which was not done, was for the master to have taken general charge of the situation and directed in an organized way the arousing of passengers, instead of acting himself as an ordinary sailor in such parts of the ship as he could reach.

S.S. Noronic

Question 17: Were the fire fighting appliances on board the S.S. *Noronic* adequate? Had they been found satisfactory and in good working order? If so, when and where were they last tested and found satisfactory and in good working order?

Answer: The fire fighting appliances on board appear to have been satisfactory and in good working order. The last departmental inspection was on April 23, 1949. Some of the fire hydrants (probably all the outside ones, but none of those inside), and a few of the fire extinguishers had been used since that time.

Question 18: How many of the crew of the S.S. *Noronic* were lost or injured? How many are missing?

Answer: There were no losses among the crew.

Question 19: What was the cause of the loss of the S.S. *Noronic* and the cause of the loss of life?

Answer: The loss of the S.S. *Noronic* and the loss of life was due to the failure on the part of the owners and the master to have:

(a) a continuous patrol of the ship for the purpose of detecting the presence of fire, such patrol as was in existence being limited to approximately fifteen minutes out of every hour;

(b) in failing to have any organization operative when the ship was in dock with passengers on board by which information as to the outbreak of fire could be promptly dispatched to some point from which men trained in the methods of dealing with fire could be immediately dispatched to the locality;

(c) in failing to contemplate in any real sense the possibility of fire occurring at a dock, and maintaining only fifteen actually on duty out of a crew of one hundred and seventy-one, the others being free to go ashore and who might be, so far as the master or the officer on duty knew, actually on shore;

(d) in failing to have any plan for arousing and getting the passengers off the ship in the event of fire while the ship was at dock;

(e) in failing to train the crew as to the proper steps to be taken on discovery of fire or in fire fighting methods beyond giving them a knowledge of how to operate fire extinguishers and hoses.

Question 20: Was the loss of the S.S. *Noronic* and the loss of life caused or contributed to by the wrongful act or default of the owners, Canada Steamship Lines, Limited, the master, Captain William Taylor, or any other person or persons?

Answer: The loss of the S.S. *Noronic* and the loss of life was caused by the wrongful default of the owners and of the master in the respects mentioned in the answers to the last question. While it is true that the owners knew and approved of the organization, or lack of it, designed to deal with the outbreak of fire on the ship while it lay in dock with sleeping passengers on board, the master was not in any way precluded by any instructions from the owners from taking the proper steps himself.

I should like also to read the recommendations which appear at the end of the report:

While anything in the way of recommendation for the future probably arises fairly obviously upon a review of the circumstances covered by this report, it may be of value to gather them together in one place. The following are therefore submitted for consideration in connection with ships carrying more than a minimum of passengers on the major fresh waters:

1. That the provisions as to the fire resisting bulkheads in regulation XVI of the international convention for the safety of life at sea be made applicable to such ships.

[Mr. Howe.]

2. That the provisions of regulation XLIII of the said safety convention, as to the maintenance of an efficient and continuous fire patrol system as well as an automatic fire alarm or fire-detecting system, be made applicable, but such alarm or detecting system should not be restricted to parts of the ship not accessible to the patrol system.

3. That the provisions of regulation XLIV as to muster lists and the assigning of special duties to different members of the crew in connection with the matters therein mentioned, including:

(a) the muster of passengers; (b) the extinction of fire; (c) warning of passengers; (d) assembling of passengers at muster stations; (e) keeping order in the passages and on the stairways and generally controlling the movements of passengers, be applied. This will necessarily require adequate training of the crew in methods of fire fighting, together with the setting up of and maintenance of and effective organization for dispatching men so trained to the seat of fire at the earliest possible moment.

4. That such ships be fitted with a sprinkler system protecting all enclosed parts of the vessel.

5. Muster charts should be prominently displayed in order that each member of the crew may become familiar, not only with his own duties and fire and boat stations, but with those of the crew who are to work with him.

6. That such ships be fitted with a public address system for directing passengers in an emergency, and that the proper officers be trained as to its use.

7. That ships at dock should provide adequate and more than a single means of exit to shore.

8. That passenger ships docking with the intention of remaining for any extended time be required to be connected with the local telephone system so that the aid of the local fire department may be obtained without delay.

I wish to read my colleague's conclusion, as follows:

In conclusion I wish to take this opportunity to thank publicly the commissioner and his assessors for their untiring efforts in this long and arduous investigation, and also all those who assisted the court in the discharge of their duties. The recommendations made by the court will be carefully considered by the department, and I sincerely hope that this investigation, which has been so ably carried out, will be the means of preventing disasters of this kind in the future.

Mr. Green: May I direct a question to the minister? Has the government any intention of bringing in amendments to the shipping legislation, or seeing to it that amendments are made to the shipping regulations? This was a terrible disaster. The report condemns the company very strongly, and points out that certain new regulations are required. As I understand it, the report also points out that the inspection of the dominion inspecting officer was not adequate. I do urge that there is the utmost need for a prompt and thorough revision, primarily of the regulations, but perhaps also of the Canada Shipping Act itself. Has the government in mind taking any such steps?

Mr. Howe: Mr. Speaker, my colleague the Minister of Transport is indisposed at the present time, and I received the report only this morning. I am sure, however, the

government will take into consideration every suggestion made by the commissioners, and I shall be surprised if my colleague does not recommend legislation to the house at an early day.

I believe that is all I can say. I shall take as notice the further remarks of the hon. member, and bring them to the attention of my colleague.

S.S. "CHELOHSIN"

QUESTION AS TO ACCIDENT NEAR ENTRANCE TO VANCOUVER HARBOUR

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, on November 6 the passenger steamship *Chelohsin*, despite urgent warnings from the radar station at First Narrows bridge, ran ashore on the rocks at Stanley park near the First Narrows entrance to Vancouver harbour. Fortunately there was no loss of life. I understand the regulations do not force a ship to comply with the directions given by such radar stations. Apparently there was no one on the ship to receive the directions. Is there to be an investigation into this accident? None has been announced.

Right Hon. C. D. Howe (Minister of Trade and Commerce): I will take the question as notice and give an answer later.

ROYAL CANADIAN NAVY

RESCUE OPERATION BY H.M.C.S. "HAIDA"

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, I am sure hon. members would wish me to refer here to the successful rescue of eighteen men of the United States air force by the Canadian destroyer *Haida*. This was the culmination of a search and rescue operation by United States and Canadian forces working together. The job done by *Haida* and her crew was in line with the splendid record of that fine ship.

I am sure all hon. members will wish to echo the message I sent to the commanding officer: "Well done, *Haida*; heartiest congratulations."

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I am sure every hon. member would wish the congratulations of the house as a whole to accompany and to support the message sent by the minister on this occasion.

This is one of the most remarkable examples that can be recalled of a combination of different services of different countries in rescue operations. Not only were there Canadian and United States units in the area, but there was a British unit as well; therefore the units of three services were taking some part in these rescue operations.

Royal Canadian Navy

The effective co-operation so indicated, and the fact that air and navy personnel and all those operating with them from the land stations brought the great developments of science to bear in this incredible rescue, is an indication of what can be accomplished by the association of these great forces.

It is to be noted that the aircraft was down in an unknown area, and could not have been seen from a ship, except probably by chance. Air and naval forces combined in a heroic manner, but the ultimate heroism undoubtedly was that of the men in the small whalers from the *Haida*, and later from the *Magnificent*, who took a gallant part in making the rescue and transferring medical personnel.

We admire the gallantry of our men and the skill displayed by all who took part in this operation.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 189, for the relief of Muriel Johnson Binnie Keates.—Mr. Winkler.

Bill No. 190, for the relief of William Campbell James Meredith.—Mr. Winkler.

Bill No. 191, for the relief of Lillian Steinberg Heitner.—Mr. Winkler.

Bill No. 192, for the relief of Clayton George Allison.—Mr. Winkler.

Bill No. 193, for the relief of Louis Kasper. —Mr. Weir.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

NEWFOUNDLAND—BROADCASTING CORPORATION

Mr. Higgins:

How much was paid to Newfoundland for current assets of the Broadcasting Corporation of Newfoundland?

Mr. McCann: No payment has been made to date, as no claim has been received by the dominion government from the province.

POSTAL SERVICE—LETTERS CONTAINING CONTRABAND GOODS

Mr. Diefenbaker:

1. How many letters have been detained by the Post Office Department under the provisions of section 52 of the Post Office Act for each year beginning January 1, 1946 and to date?

2. Is this section of the act being made use of directly or indirectly by the foreign exchange control board?

Mr. Rinfret:

1. No record is kept of ordinary post letters referred to the customs under section 52 of the Post Office Act.

Questions

Any post letters diverted to customs for examination which as a result are not permitted delivery are either detained by the customs authorities or are returned to the Post Office Department for return to the senders in accordance with international postal regulations.

2. No.

RADIO BROADCASTING—CHURCHILL WEATHER REPORTS

Mr. Knight:

1. Was it over a period of time the custom of the C.B.C. to include in its weather reports one upon weather conditions at Churchill?

2. If so, when did such reports on weather at Churchill cease, and for what reason?

3. On whose recommendation was such service discontinued?

Mr. McCann: Prior to September, 1948, five-minute network weather forecasts were broadcast for prairie region on midwest network four times daily, but distribution was limited largely to CBK, Watrous, Saskatchewan, as most of the other stations did not carry these reports. Following inauguration of CBW, Carman, Manitoba, and CBX, Lacombe, Alberta, in September, 1948, prairie reports were broken down on a provincial basis, each CBC transmitter giving full coverage of respective provinces plus adjacent weather areas in neighbouring province to provide overlapping service to listeners. Churchill weather region has been reported continuously six times daily on CBW, Carman, Manitoba, since September, 1948. In addition, CBK, Watrous, Saskatchewan includes adjacent Reindeer and Flin Flon weather regions in Saskatchewan forecasts now given five times daily.

CROWN PROPERTIES—GRANTS IN LIEU OF TAXES—TORONTO

Mr. Church:

1. What amount does the city of Toronto receive from the government in connection with the statement of the Minister of Finance on grants to municipalities across Canada by federal authority for municipal services rendered?

2. What revenue does the dominion receive from that city in (a) income tax; (b) sales tax; (c) other federal revenues?

Mr. Sinclair:

1. As was made clear in the statement to which reference is made, it will be impossible to determine what grant will be made to the city of Toronto in lieu of municipal taxes until the assessment of all federal property in the city of Toronto has been completed. With regard to "municipal services rendered", the statement also pointed out that all water used by government buildings anywhere in Canada is, or will be, paid for on a meter basis and any local improvement charges will be paid on the same basis as charged against adjacent private property.

2. The government's accounts are not maintained in such a manner as to provide details of revenues obtained from any particular municipality.

IMMIGRATION—AUSTRIAN NATIONALS

Mr. Shaw:

1. Under existing immigration regulations, are Austrian nationals permitted to emigrate to Canada?

2. Are such nationals permitted to enter Canada under special orders in council?

Mr. Maybank:

1. Yes.

2. No order in council is required for the admission of Austrian nationals who can comply with the Immigration Act and existing regulations.

WAR VETERANS ALLOWANCES—BRITISH COLUMBIA

Mr. Green:

1. How many veterans in British Columbia were in receipt of war veterans allowances as of October 31, 1949?

2. How many of such recipients have made application for assistance from the special assistance fund?

3. How many have been granted such assistance?

Mr. Mutch:

1. 6,354.

2. 1,029.

3. 828.

The figures relate to the territory under the jurisdiction of the Vancouver district office of the department, and do not relate to the small portion of British Columbia which lies within the Edmonton district.

NEWFOUNDLAND—SALES TAX

Mr. Higgins:

How much has been collected from Newfoundland in sales tax since the date of union?

Mr. McCann: Domestic, $353,013.48; importation, $777,862.70; total, $1,130,876.18 (Inclusive to October 31, 1949).

AVIV KOSHNER FOOD PRODUCTS LIMITED—EXPORT PERMIT

Mr. Courtemanche:

1. Has an export permit been issued to Aviv Koshner Food Products Limited?

2. If so, for what amount and on what date, and through whom?

Mr. McIlraith: It is contrary to government practice to reveal the private business of an individual company.

NATURAL RUBBER—EMBARGO ON IMPORTS FROM MALAYA

Mr. Diefenbaker:

1. Has there been during the last two years any embargo preventing the importation into Canada, from Malaya, of natural rubber?
2. Has this embargo been lifted in whole or in part and, if so, in what particular?

Mr. McIlraith:

1. No.
2. Answered by No. 1.

QUESTIONS PASSED AS ORDERS FOR RETURNS

COMBINES INVESTIGATION ACT—BAKERIES

Mr. Knowles:

1. Have investigations been made by the combines investigations commission, or by the wartime prices and trade board, at any time since January 1, 1945, to determine whether or not certain bakeries in Winnipeg, and/or at other points give secret discounts to stores handling their bakery products exclusively?
2. If so, what are the findings of such investigations, and what action has been taken thereon?

Mr. Bradley: Return tabled.

IMMIGRATION—JAPANESE NATIONALS

Mr. Green:

1. Have any persons of the Japanese race coming within one of the following categories (a) those who were in Japan throughout the war; (b) those who were sent to Japan on exchange during the war; (c) those who went to Japan after the war under the repatriation scheme of the Canadian government, been given permission to return to Canada?
2. How many in each category have been given such permission?

IMMIGRATION—DISPLACED PERSONS

Mr. Hodgson:

1. How many displaced persons brought into Canada during 1946, 1947 and 1948 had contagious diseases upon their arrival?
2. Were any put in hospital at North Bay?
3. What is the religion, by denomination, of the 261,260 immigrants brought into Canada during 1946, 1947 and 1948?

MOTIONS FOR PAPERS

INDIANS—MEDICAL SERVICES—FEES

Mr. Shaw:

For a copy of the schedule of fees payable by the Department of National Health and Welfare (Indian health services) to the medical profession across Canada for the care of Indians when such attendance is rendered on a fee for service basis.

COMBINES INVESTIGATION ACT—PRICE AGREEMENTS

Mr. Charlton:

For a copy of all correspondence, memoranda and communications from Mr. Donald Gordon, Mr. Kenneth Taylor, the wartime prices and trade board feeds administrator, or any member of the staff of the wartime prices and trade board to the flour milling industry or any feed manufacturing company or feed distributing company, between the period December 15, 1941, and the present time, relative to the making or maintenance of price agreements for mill feeds, rolled oats or any other flour mill products used for feed.

Mr. Charlton:

For a copy of all correspondence, memoranda and communications from Mr. Donald Gordon or Mr. Kenneth Taylor to any minister of the crown reporting any understanding given by the wartime prices and trade board to any flour milling industry, feed manufacturing industry or feed distributing industry, that they would not be subject to prosecution under the Combines Investigation Act relative to the making or maintenance of price agreements between the period December 15, 1941, and the present time, for mill feeds, rolled oats or any other flour mill products used for feed.

PRINTING BUREAU—HOURS OF WORK, WAGES, ETC.

Mr. Knowles:

For a copy of all orders in council, directives, memoranda, et cetera, dated at any time since January 1, 1940, having to do with wages, hours of work, holidays with pay, statutory holidays, overtime rules and regulations, apprenticing, and other working conditions, in the case of employees of the government printing bureau.

TAX AGREEMENTS

AMENDMENT OF DOMINION-PROVINCIAL TAX RENTAL AGREEMENTS ACT, 1947—INCOME TAX

Hon. Stuart S. Garson (for the 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 amend section seven of the Dominion-Provincial Tax Rental Agreements Act, 1947, which provides for payments to the provincial governments in respect of income tax collected from corporations whose main business is the distribution to or the generation for distribution to the public of electric energy, gas or steam, to reduce deductions made in computing the amounts payable for provincial corporation income tax imposed by the provinces who have not entered into tax rental agreements and otherwise to assist in computing the amounts payable.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Motion agreed to.

MINES AND TECHNICAL SURVEYS

CREATION OF NEW DEPARTMENT—TRANSFER OF STAFF FROM MINES AND RESOURCES OR RECONSTRUCTION AND SUPPLY

Right Hon. L. S. St. Laurent (Prime Minister) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a bill to constitute a department of mines and technical surveys with a presiding minister to be appointed by commission under the Great Seal of Canada, with the duties, powers and functions as therein set out, a

Proposed Legislation

deputy minister to be appointed by the governor in council and the necessary officers, clerks and employees to be appointed in the manner authorized by law, with provision also for the transfer of members of the staff of the Department of Mines and Resources or the Department of Reconstruction and Supply to the new department.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Motion agreed to.

RESOURCES AND DEVELOPMENT

CREATION OF NEW DEPARTMENT—TRANSFER OF STAFF FROM MINES AND RESOURCES OR RECONSTRUCTION AND SUPPLY

Right Hon. L. S. St. Laurent (Prime Minister) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a bill to constitute a department of resources and development with a presiding minister to be appointed by commission under the Great Seal of Canada, with the duties, powers and functions as therein set out, a deputy minister to be appointed by the governor in council, and the necessary officers, clerks and employees to be appointed in the manner authorized by law, with provision also for the transfer of members of the staff of the Department of Mines and Resources or the Department of Reconstruction and Supply to the new department.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Mr. Church: With all these ministers and secretaries we shall soon have a cabinet of sixty people.

Mr. St. Laurent: I am afraid the hon. member will not be one of them.

Motion agreed to.

CITIZENSHIP AND IMMIGRATION

CREATION OF NEW DEPARTMENT—TRANSFER OF STAFF FROM MINES AND RESOURCES AND SECRETARY OF STATE

Right Hon. L. S. St. Laurent (Prime Minister) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a bill to constitute a department of citizenship and immigration with a presiding minister to be appointed by commission under the Great Seal of Canada, with the duties, powers and functions as therein set out, a deputy minister to be appointed by the governor in council, and the necessary officers, clerks and employees to be appointed in the manner authorized by law, with provision also for the transfer of members of the staff of the Department of Mines and Resources and the Department of the Secretary of State to the new department.

[Mr. St. Laurent.]

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Motion agreed to.

SALARIES ACT

AMENDMENT TO PROVIDE SALARIES FOR MINISTERS OF RESOURCES AND DEVELOPMENT, MINES AND TECHNICAL SURVEYS, AND CITIZENSHIP AND IMMIGRATION

Right Hon. L. S. St. Laurent (Prime Minister) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to amend the Salaries Act by repealing the salary provision respecting the Minister of Mines and Resources, the Minister of Munitions and Supply, the Minister of National War Services and the Minister of Reconstruction, respectively, and by providing salaries for the Minister of Resources and Development, the Minister of Mines and Technical Surveys and the Minister of Citizenship and Immigration, respectively.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Motion agreed to.

BUSINESS OF THE HOUSE

EXTENSION OF TIME FOR CONSIDERATION OF PRIVATE BILLS

On the order:

The Prime Minister—That on Tuesday, the 22nd of November, 1949, if upon the expiration of the time allowed for the consideration of private bills, the house shall not have disposed of motions respecting private bills (other than divorce bills), upon the order paper, and shall not have decided whether or not such bills should be referred to a standing committee, then, notwithstanding standing order 15, the time for consideration of such private bills shall be extended until the regular hour of adjournment of the house on that day, or until such earlier hour when such motions shall have been disposed of, provided that divorce bills shall not be considered during such extended time.

Right Hon. L. S. St. Laurent (Prime Minister): Under standing order 116 this motion cannot be moved at this time without the unanimous consent of the house. The house knows that there are two applications for incorporation of companies among the private bills listed on the order paper. These applications have to be dealt with by parliament under the legislation adopted last year with reference to pipe lines. It is immaterial to the government and a matter of indifference whether these applications are adopted or not, but it does seem that there

should be an opportunity for the house to express its views on the question whether the charters should be granted.

The bills in question have been before the house on four occasions during the hour reserved for private bills, and on each of those occasions the time allotted proved to be too short to permit of an expression of opinion by the house. It would perhaps be the feeling of hon. members that there should be an opportunity to permit of a decision being made by the house.

As this motion refers to private bills, under standing order 116 it would have to go to the committee on standing orders unless there was unanimous consent to have it dealt with at once. If there is any objection to its being dealt with at once, I would move that the motion be referred to the committee on standing orders.

Mr. Knowles: Mr. Speaker, the Prime Minister has anticipated the point of order I was going to raise, but I feel that I should raise a parallel point of order with respect to his suggestion that this motion be referred to the committee on standing orders. Standing order 116 reads:

> Except in cases of urgent and pressing necessity, no motion for the suspension or modification of any standing order applying to private bills or petitions for private bills shall be entertained by the house until after reference is made to the committee on standing orders or to one of the committees charged with the consideration of private bills, and a report made thereon by one of such committees.

As the Prime Minister has pointed out, this makes it quite clear that the motion standing in his name on the order paper today cannot be moved in the house unless there is unanimous consent. If the motion is out of order in its present form under standing order 116, then I do not see how the Prime Minister can, without giving notice, propose his motion to refer the matter to the standing orders committee. It seems to me that the course the Prime Minister should follow is to withdraw this motion and give forty-eight hours' notice of a motion to refer the matter to the standing orders committee. That is the procedure that is followed every year toward the end of the session with respect to divorce bills that have come in late. It was the procedure followed in April of this year with respect to some of the pipe lines bills.

I shall refer only to the point of order, and will not transgress the rules of the house by going into the merits of the question; but it does seem to me that the rules are quite clear, first, that this motion cannot be put because it abrogates standing order 116, and, second, that the Prime Minister is now making a motion to refer a matter to the standing orders committee without having given the required notice of such a proposal.

A ruling upon this point will be found in Beauchesne's third edition, beginning at page 685. Incidentally there is an interesting extract from what Sir Richard Cartwright said in connection with that ruling, as found on page 688, when he pointed out the iniquity of asking for special consideration for any particular private bill.

My only point at this moment is that the rules of the house should certainly be followed, particularly with regard to private bills. As a matter of fact, citation 9 in Beauchesne's third edition makes a particular point of that by saying:

> The practice is more stringent with regard to private bills.

Therefore, Mr. Speaker, I for one do not feel that unanimous consent should be given to abrogating standing order 116, and likewise I contend that the proposed motion of the Prime Minister is one which calls for forty-eight hours' notice.

Mr. Drew: Mr. Speaker, since it has already been indicated that there will not be unanimous consent, and since the Prime Minister (Mr. St. Laurent) in his opening remarks recognized the necessity for unanimous consent before the motion can be dealt with, it would seem that it will not be proceeded with at this time.

There is one point I wish particularly to make, because it may facilitate the proceedings. We should discuss the motion without any suggestion that it is other than it really is. Its purpose is to make a special provision with respect to two private bills that have been under consideration, having to do with the pipe lines legislation introduced earlier this year.

This motion raises an important question which goes beyond the point of its regularity or the suggestion that it might be referred to the standing committee on standing orders. Ordinarily, as has already been pointed out, it should not be introduced without notice. There is no occasion for any uncertainty about what is contemplated, because at page 1805 of *Hansard* of November 15, 1949, the Minister of Trade and Commerce (Mr. Howe) indicated that the government is interested in seeing that these bills come forward under conditions which are not made to apply tc other business introduced by private members.

In his introductory remarks on the motion the Prime Minister said frankly that there are two applications for private bills in connection with pipe lines, and by referring

thereto he indicated that the purpose of the motion relates to these two private bills. He said that the government had no special interest in these bills, but felt there should be an opportunity for the members of the house to pass judgment on them, and that the members should not be deprived of that opportunity by the limitation provided by standing order 15.

It has already been pointed out that if these measures are to be dealt with in this manner it is necessary to demonstrate that there is some urgency. The Prime Minister indicated recognition of that limitation by accepting the fact that unanimous consent is required. He went on to suggest that if such consent was not forthcoming, the motion could be referred to the committee on standing orders.

I think it would be well to consider the implications of what is now proposed. In effect the motion makes these two private bills government measures.

Mr. St. Laurent: Nonsense.

Mr. Drew: It is idle for any member of the government to suggest otherwise. It is only necessary to read the statement of the Minister of Trade and Commerce to see that the government is definitely interested in the outcome of these measures. At page 1806 of *Hansard* the Minister of Trade and Commerce said:

> I know nothing about the pipe line company which is asking for incorporation under this bill; but I do know something about the interests that are asking for incorporation under another bill now before the house.

I think he was unduly modest in regard to his knowledge of those associated with the other bill.

Mr. Howe: I ask my hon. friend to withdraw.

Some hon. Members: Hear, hear.

Mr. Drew: Mr. Speaker, I said that modesty could not be properly suggested in the case of the Minister of Trade and Commerce, but if the suggestion is wrong, I am quite prepared to withdraw it.

Mr. Howe: The hon. member accused me of telling an untruth. I suggest he withdraw his statement.

Mr. Speaker: I did not catch the words, but I am sure if the leader of the opposition accused the minister of telling an untruth, he will withdraw the statement.

Mr. Drew: Surely it is not necessary to engage in a debate. I said I thought the minister was being unduly modest as to one bill. If he was not unduly modest, then the whole house is being asked to deal with these bills with less information than we should have. If the minister knows nothing of the details behind these bills, how can it be suggested that there is any urgency in dealing with them? I cannot imagine a more conclusive argument against dealing with them in this extraordinary manner than the suggestion of the minister that he does not know anything about the people behind one of the bills.

Mr. Howe: I have heard no withdrawal.

Mr. Drew: Mr. Speaker, I am unaware of anything that I should withdraw. If it can be suggested what I should withdraw—

Mr. Speaker: We had better have this matter cleared up first. The Minister of Trade and Commerce has requested that the leader of the opposition withdraw any implication that the Minister of Trade and Commerce made an untruthful statement. Is that correct?

Mr. Howe: The statement I made was that I did not know the sponsors of the bill to which I was speaking, and I knew nothing about the particulars of the bill. My hon. friend has said I was much too modest, and that I deliberately made a misstatement about my lack of knowledge. I wish he would withdraw that statement.

An hon. Member: A guilty conscience.

Mr. Drew: I think the time has come to take a position in regard to this over-refinement of the rules. At page 786 of Beauchesne's Parliamentary Rules and Forms, third edition, we find a discussion about a matter that goes a great deal further than the present controversy. The house was discussing a bill in committee, and the then prime minister, Mr. Mackenzie King, under whom the Minister of Trade and Commerce served for some time, had this to say:

> My hon. friend goes on to say that this legislation is part of a bargain between the government and certain members of this house. I want to take direct issue with him, and tell him that it was in no part a bargain. There was no bargain whatever of any kind, and when he makes that statement he makes a statement that is incorrect and untrue.
>
> Mr. Manion: I rise to a point of order. I do not think the Prime Minister has any right to use the word "untrue" in regard to a statement made by any member of this house.
>
> The Chairman: The hon. member for Fort William raises the point of order that the Prime Minister has declared that the statement made by the hon. member for South Oxford is untrue. I rule that the Prime Minister was quite in order in his declaration. . . as there was in it no personal reflection on the honour of the hon. member for South Oxford.

Much stronger words were used on that occasion, and, except under your ruling, sir, I do not propose to withdraw the statement that the minister was unduly modest.

Mr. Howe: Always the slanderer.

Mr. Speaker: With regard to the quotation read by the leader of the opposition, the word "untrue" there referred to a matter of fact; it did not imply dishonesty on the part of anyone. It is unparliamentary to imply dishonesty on the part of a minister or on the part of any hon. member of the house. I think the leader of the opposition will be the first to recognize that, and if he has implied dishonesty I am sure he will withdraw his statement.

Mr. Drew: Mr. Speaker, I suggest there is no possible interpretation of the words used which implies dishonesty.

Mr. Speaker: I think that is sufficient. The leader of the opposition has definitely stated he has not implied dishonesty.

Mr. Drew: Mr. Speaker, I should like to emphasize this point in relation to what was under discussion. If in fact no information on the matter is available to the members, then we are being asked to deal with something that presumably involves the judgment of the members of this house. The Prime Minister has pointed out that the two bills to which the motion refers relate to applications for charters which would be granted with the approval of this house. I am making my observations at this moment with the idea of facilitating this business, if it is the desire of the government to directly intervene in this matter by resolution or otherwise.

I submit that if, as was implied by the remarks of the Minister of Trade and Commerce on November 15, the house is required to exercise no judgment in regard to these bills, then we should not be passing them. That is what he said when he pointed out that all that is necessary is that the house pass on it, and then the Alberta government deals with it. A government agency will be called upon to pass upon the route, and there will have to be permission to export gas, and so on. If the granting of a charter is merely a formality, I suggest the proper course is for the government to introduce an amendment to the Pipe Lines Act which was passed earlier this year, so that a charter may be granted in the ordinary way by the appropriate government agencies. Then these other proceedings which do involve judgment could be brought into play. I submit, Mr. Speaker, that the members of this house should not be called upon to pass upon a bill which outlines no route, which gives no detailed information, and which merely says to unnamed persons: "You go ahead and use the judgment of this parliament to carry out such formal matters as you see fit." I believe this business would be expedited by an amendment to the Pipe Lines Act rather than by introducing this motion. For this reason, I would not agree to unanimous consent to deal with this motion and refer the matter to the committee on standing orders.

Mr. St. Laurent: The hon. member for Winnipeg North Centre (Mr. Knowles) says that I anticipated his objection. I did expect that he could not allow an occasion such as this to pass without giving us his interpretation of the rules of the house. It was for that reason I suggested that standing order 116 be complied with in this regard.

With respect to the observations of the leader of the opposition, I wish to say most positively that this government, as a government, is quite indifferent to the decision this house makes upon this bill. But as a government it is not indifferent to the house being prevented by obstructionist methods from expressing its opinion in regard thereto. I believe the proper application of the democratic principle is to have a majority and not a minority determine what the House of Commons will do. It was merely for this purpose that this motion was put on the order paper. It was not for the purpose of recommending to the house that it pass the bill. The preamble of the bill recites that it is expedient that a charter be granted. If the members of the house are not convinced it is expedient that a charter be granted, they will refuse to grant a charter. It should be done, however, by a majority and not by a minority.

Mr. Green: Will the Prime Minister free the private members of the government party so that they can vote as they wish?

Mr. St. Laurent: Certainly, every member of the house, whether of the government party or any other party, will vote according to his judgment on whether or not the assertion in the preamble that it is expedient to grant a charter has been established. That is not usually established on second reading, but is usually ascertained in the committee to which the bill is referred.

If hon. members will look at citation 769, in Beauchesne's third edition, they will find that the second reading of a private bill does not involve acceptance of the principle, except to this extent: that if in the committee to which the bill is referred the principle is established, then the bill can be accepted. I would not wish to suggest to any member on this side or on half of the other side of the house how he should vote on these applications. As to the other half

of the house, I would not want to suggest to them, either, how they should vote on the applications.

The hon. member for Winnipeg North Centre says there would have to be a period of forty-eight hours before referring this to the committee on standing orders. I think not, Mr. Speaker. I think that standing order 116 has to be given a reasonable application. When there is a motion made for that purpose, the rule provides that it will not be considered by the house until after reference is made to the committee on standing orders. I do not believe there have to be two motions with two forty-eight hour periods intervening in order to have the matter considered by the committee on standing orders. I suggest that the proper construction of standing order 116 is that whenever this kind of motion has had the proper notice and comes before the house, it should, in the terms of the rule, be referred to the committee on standing orders.

Mr. Speaker: Perhaps I may be able to assist the house in coming to a conclusion in this matter. I have had the opportunity of studying standing order 116, which says:

> Except in cases of urgent and pressing necessity, no motion for the suspension or modification of any standing order applying to private bills or petitions for private bills shall be entertained by the house—

Does this motion apply to private bills or petitions for private bills? Does it not rather refer to the procedure in this house? Under standing order 15, the procedure on Tuesdays and Fridays is that private and public bills shall be considered for the first hour between eight and nine o'clock.

During the time I have been in this house, I have never known standing order 116 to be applied other than to a petition for a private bill which has been received after the allotted time for the presentation of such a petition. There has been a motion to refer it to the standing committee for such recommendation as it deems advisable. I have had the opportunity of looking at Bourinot's fourth edition, in which a reference is made to rule 115, which is now 116. I do not intend to give my ruling immediately, but I am bringing this to the attention of the house because I believe it is pertinent to the matter. It would seem from Bourinot's reference that standing order 116 is restricted to those standing orders applying to private bills rather than to a standing order such as 15 which applies to the more general procedure of the house. My point is that standing order 116 has been applied in this house with regard to definite bills and questions affecting bills under part II of the standing orders, and that standing order 116 does not apply to procedure in the house as set forth in standing order 15. I should like the house to take that matter into consideration.

Mr. Knowles: On the point that you have just asked us to consider, Mr. Speaker, may I say that I listened carefully to what you said, and I thought I heard you read standing order 116 in these words: ". . .of any standing order applying to private bills and petitions for private bills."

Mr. Speaker: ". . .or petitions for private bills."

Mr. Knowles: That clears up that point. Standing order 116 refers to suspending or modifying any standing order that applies to private bills or to petitions for private bills. May I call your attention, sir, to the fact that there is another standing order, namely standing order 101, which refers only to petitions for private bills, and it is usually that one which is the basis for referring late divorce bills to the committee on standing orders. But surely that word "or" makes it clear that any motion which seeks to suspend any standing order that applies to private bills is subject to standing order 116.

May I point out here that there is actually a misnomer in the wording of the resolution. The Prime Minister in his motion uses the phrase "the time allowed for the consideration of private bills". Standing order 15 allows consideration on Tuesday evening from eight to nine, not of private bills but of private and public bills, the former having precedence. I submit that the motion deals with something that does not exist at all.

I may say further, Mr. Speaker, that the question whether the motion of the Prime Minister applies to private bills—I refer to the doubt raised in your mind because it deals with general procedure set out in standing order 15—should be set aside by the fact that the Prime Minister's motion relates only to the portion of standing order 15 that applies to private bills. I do not wonder that Your Honour has some difficulty with the matter, because I have searched the *Journals* for a good many years and I cannot find any record of this kind of motion having been made before in this house.

While I am on my feet, may I say that I take exception, and I think there is a good deal of support for my doing so, to the inference cast by the Prime Minister that I could not miss an opportunity to rise on a point of order. May I tell the Prime Minister, since he has looked up standing order 116, that there is an interesting quotation in the set of citations that comes right under

standing order 116. It would do him good to read it. It is citation 818, and it comes from an ancient authority on the practices and the procedures in parliament, namely John Hatsell, an authority back in the late eighteenth and early nineteenth century in the United Kingdom. The citation reads:

So far the maxim is certainly true and founded on good sense that as it is always in the power of the majority by their numbers to stop any improper measures proposed on the part of their opponents, the only weapon by which the minority can defend themselves from similar attempts from those in power are the forms and rules and proceedings which have been found necessary from time to time and are become the standing orders of the house, by a strict adherence to which the weaker party can alone be protected from those irregularities—

An hon. Member: Louder.

Mr. Knowles: All right; I shall gladly read this part a lot louder.

Mr. Speaker: Order.

Mr. Knowles: To continue:

—and abuses which these forms were intended to check, and which the wantonness of power is but too often apt to suggest to large and successful majorities.

May I remind the Prime Minister also of an apt quotation from Lord Macaulay's "History of England". I have the book in my room, and I am going to bring it down tomorrow in connection with another debate; but let me quote part of it right now:

As we cannot, without the risk of evils from which the imagination recoils, employ physical force as a check on misgovernment, it is evidently our wisdom to keep all the constitutional checks on misgovernment in the highest state of efficiency, to watch with jealousy the first beginnings of encroachment, and never to suffer irregularities, even when harmless in themselves, to pass unchallenged, lest they acquire the force of precedents.

I make no apology, Mr. Speaker, to the Prime Minister or to anyone else in this house for rising every time I think that some rule of this house is being broken, in order to see to it that this house sticks to the rules that have been laid down.

Mr. Church: I wish to discuss the point of order which has been raised by the hon. gentleman of the C.C.F. party, the member for Winnipeg North Centre (Mr. Knowles). In the first place, I would call to Your Honour's attention the fact that if standing order 15 is interfered with, then the government are allowed to drive a coach and four through every standing order in the rule book. It can only be done by passing a bill. In my opinion the government forget that the private member is the connecting link between the government of the day and the electorate. If they are allowed to interfere with the private member in this way, then the private member ceases to function and parliamentary government is at an end and becomes simply the plaything of the administration. Why should the executive, under our standing orders, be allowed to assume that responsibility? If this is twentieth century Liberalism, then I doubt if there are any real Liberals on the government benches.

I would call your attention, Mr. Speaker, to this fact. The other day we had a return made with regard to the export to the United States of millions of kilowatt hours of electric power.

Mr. Smith (Calgary West): Mr. Speaker, last Friday night I spoke on one of these bills; and I am asking the Prime Minister that he do me the great honour of reading the speech I then made—which I thought was a contribution to the debate—and that he absolve me from the charge he made a moment ago when he accused me of being an obstructionist.

Mr. Speaker: Order. I have had some assistance on the point which I raised. Standing order 116 in part reads as follows:

. . . no motion for the suspension or modification of any standing order applying to private bills or petitions for private bills shall be entertained by the house . . .

And so on. Part II of the standing orders, starting at standing order 92, is headed "Private bills", and under that "Petitions", followed by the words "Deposit of bills and fees; additional charges." Am I correct or incorrect when I say that standing order 116 applies to standing orders starting at standing order 92 and continuing to the end of part II, being standing order 121? Is it limited to those standing orders which apply directly to private bills?

Mr. Coldwell: Is there any reference anywhere to its doing so?

Mr. Speaker: My reading of Bourinot would give me that impression.

Mr. Knowles: What page?

Mr. Speaker: Page 586. I admit that it is not very clear, but I will say further that during the time that I have been in the house I have never known this standing order to apply to standing orders other than those which directly affect private bills. It seems to me that the motion before the house applies to procedure in the house set out by standing order 15, and that standing order 116 applies specifically to the standing orders affecting private bills.

Mr. St. Laurent: If that is your ruling, Mr. Speaker, I would move the motion standing in my name.

Mr. Green: Mr. Speaker has not made a ruling.

Mr. Coldwell: There is no ruling yet.

Mr. Speaker: We have discussed this matter for nearly an hour. I think I have given ample opportunity to all hon. members to discuss it.

Mr. MacInnis: Mr. Speaker, before you make your ruling may I attempt to answer the question you asked as to dividing the standing orders, namely, those preceding 92 and those following 92? They are all standing orders which refer to the same thing, namely, procedure in this house. There can be no difference between the standing orders preceding 92 and the standing orders following 92. Standing order 116 is as clear and as specific a direction for procedure in the house as any standing order preceding it.

If a question has not arisen during your time in the house, Mr. Speaker, as you have said, in which 116 has been invoked, the reason is that this procedure has never been requested in the house before. This is something new, and I suggest, sir, that you take that into consideration before you make your ruling.

Mr. Diefenbaker: Mr. Speaker, in connection with what the hon. member has just said I think it is material to consider the fact that this has never happened before in the house. While the Prime Minister may say that there is entire freedom for hon. members to vote as they wish, his attitude this morning, and the attitude of the Minister of Trade and Commerce—

Some hon. Members: Order.

Mr. Diefenbaker: There is only one person who can decide questions of order, and that is the Speaker.

Mr. Speaker: Order.

Mr. Diefenbaker: It is very interesting, sir, to note that citation 748 of Beauchesne at page 281 says:

> It is a recognized principle in the Canadian, as in the English parliament, that ministers of the crown should not initiate or promote private bill legislation.

Having regard to the statement made the other night by the Minister of Trade and Commerce, I say that there is indeed that promotion here, which demands that we take into consideration the meaning of the words: "except in cases of urgent and pressing necessity." Not one suggestion of urgent or pressing necessity has been advanced by the Prime Minister or any other minister of the crown. All they have said is that parliament should have the right to speak. The rules say that parliament can speak only—and this is stringently applied in the case of private bills—when the rules are applied. The rules are made as stringent as they are because of the fact that private bills should not take precedence over public business.

Mr. Speaker: Order. The hon. member for Lake Centre and the hon. member for Vancouver East, and other hon. members, have all emphasized the fact that this is the first time the question has arisen in the house within the memory of any of the present members. It seems to me that there is a difference between the orders affecting private bills, other bills, and the public business of the country. Standing order 116 comes within the orders under the heading of part II, "Private bills". Under that in large type appears the following heading: "Petitions, Deposit of Bills and Fees, Additional Charges." Standing order 116 reads in part as follows:

> ". . . no motion for the suspension or modification of any standing order applying to private bills" . . . shall be entertained by the house until after reference is made to the committee on standing orders.

Taking into consideration my experience in the house and the experience of other hon. members, and also referring to page 586 of Bourinot's fourth edition, where reference is made to rule 115, which is now 116, it seems to me that standing order 116 is restrictive to those standing orders definitely applying to private bills rather than to a standing order such as 15, which applies to the more general procedure of the house; and I rule that it is now in order for the Prime Minister to proceed with his motion.

Mr. Drew: Mr. Speaker, with deference I appeal your ruling.

Mr. Speaker put the question as follows:

> A question of order having arisen with respect to the applicability of standing order 116 to the motion of the Prime Minister (Mr. St. Laurent), I ruled that the said motion referred to general house procedure under standing order 15, and that standing order 116 was limited in its operative effect to the standing orders specifically by relating to private bills, beginning with standing order 92, and that it is therefore not necessary that the motion be referred to a standing committee.
>
> From this ruling the leader of the opposition (Mr. Drew) and others appealed. The question is on the Speaker's ruling.

The house divided on the question: Shall the Speaker's decision be sustained? And the decision of the Chair was sustained on the following division:

YEAS

Messrs:

Anderson	Jutras
Applewhaite	Kent
Ashbourne	Kirk (Antigonish-Guysborough)
Bater	Kirk (Digby-Yarmouth)
Beaudoin	Lafontaine
Belzile	Laing
Bennett	Lapointe
Blue	Larson
Boisvert	Leger
Boivin	Macdonald (Edmonton East)
Boucher	MacDougall
Bradette	MacLean (Cape Breton North and Victoria)
Bradley	MacNaught
Brown (Essex West)	McCann
Byrne	McCusker
Campney	McIlraith
Carroll	McIvor
Carter	McLean (Huron-Perth)
Cavers	Martin
Claxton	Maybank
Cote (Verdun-LaSalle)	Mayhew
Croll	Mott
Darroch	Murray (Oxford)
Dechene	Murray (Cariboo)
Decore	Mutch
Dewar	Nixon
Dickey	Prudham
Dion	Richard (Ottawa East)
Douglas	Riley
Elderkin	Roberge
Ferrie	Rooney
Fournier (Hull)	St. Laurent
Garson	Sinclair
Gauthier (Lake St. John)	Sinnott
Gauthier (Sudbury)	Smith (Moose Mountain)
Gauthier (Lapointe)	Stick
Gibson (Hamilton West)	Stuart (Charlotte)
Gibson (Comox-Alberni)	Studer
Goode	Ward
Gregg	Warren
Hellyer	Whiteside
Helme	Whitman
Hetland	Winkler
Howe	Winters
Huffman	Wood—94.
Hunter	
Isnor	
James	
Jeffery	

NAYS

Messrs:

Argue	Hansell
Balcer	Harkness
Beyerstein	Hatfield
Black (Cumberland)	Herridge
Blackmore	Higgins
Blair	Homuth
Catherwood	Johnston
Charlton	Jones
Church	Knight
Coldwell	Knowles
Diefenbaker	Lennard
Drew	Low
Fair	Macdonnell (Greenwood)
Fleming	MacInnis
Gagnon	McGregor
Green	McLure
Murphy	Stewart (Winnipeg North)
Noseworthy	Thatcher
Pearkes	Thomas
Quelch	Wright—42.
Shaw	
Smith (Calgary West)	

Mr. White (Middlesex East): I was paired with the hon. member for Middlesex West (Mr. McCubbin). Had I voted I would have voted against your ruling.

Mr. Cardiff: I was paired. Had I voted, I would have voted against your ruling.

Mr. Speaker: Mr. St. Laurent moves, seconded by Mr. Fournier (Hull):

That on Tuesday, the 22nd of November, 1949, if, upon the expiration of the time allowed for the consideration of private bills, the house shall not have disposed of the motions respecting private bills (other than divorce bills), upon the order paper, and shall not have decided whether or not such bills should be referred to a standing committee, then, notwithstanding standing order 15, the time for consideration of such private bills shall be extended until the regular hour of adjournment of the house on that day, or until such earlier hour when such motions shall have been disposed of, provided that divorce bills shall not be considered during such extended time.

Mr. Speaker: Before the debate proceeds, may I point out to hon. members that the discussion at this time should not be on the merits of the private bills; it should be confined strictly to the motion before the house.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, there is a good deal more to this motion than a simple suspension of the provisions of a standing order. In view of the introductory remarks of the Prime Minister (Mr. St. Laurent), it seems to me it is impossible for us to forget in any stage of the discussion that his motion is directed particularly to two pipe line bills. This being so, I suggest it is essential that we carefully examine exactly what it is we are being asked to do.

There are before the house two pipe line bills which have been presented by private members in the ordinary way. They carry out a detail of the broad measure passed earlier this year providing for the incorporation of pipe line companies. I confess at the time the bill creating the general provisions was before the house I had not contemplated the possibility that hon. members would be called upon to pass judgment on a private bill without any knowledge as to what the effect of it would be. If I had been aware that the provision as to incorporation carried with it the suggestion that the house should pass upon bills in connection with which we are given no details upon which to base our judgment, certainly I would have objected to the particular section of the general bill at

that time, and to any of the related sections, and would have placed before the house the objections I now have.

I suggest this should be in our mind when we are asked to support the motion because its only purpose is to provide a special opportunity to deal in a special way with these two bills. Nothing has been put before the house to show why they should be placed in such a peculiarly favoured position. The merits or purposes of the bills are not so much in issue now as the procedure that we are asked to support. We are told that the limitation of the opportunity for debate on private bills should not, under our democratic system, deprive hon. members of the opportunity to exercise their right to say whether or not such measures should become law. That argument sounds like one in support of the principles of democracy that we are seeking to preserve; but if the principle is sound, why does it not apply with equal or greater force to public bills and orders that are on the order paper?

After all, public bills and orders deal with equally important matters. They are not related to some limited personal or corporate interest. Public bills and orders relate to the broad welfare of the people. Under our democratic procedure it is not incumbent upon every member of the house to indicate his support of the views set forth in resolutions or bills to be found in the list of public bills and orders; nevertheless they relate to matters which are just as important as or more important to the people of Canada than the two pipe line measures. If the principle is sound that limitation of debate should not be so imposed as to restrict the opportunity of members to exercise their democratic right to express their opinion on any matter properly before the house, then I submit that the argument applies with greater force to public bills and orders than it does to private bills which can be transferred to government business and supported as government bills if that is in fact the desire of the government.

At one o'clock the house took recess.

The house resumed at three o'clock.

Mr. Speaker: Is the house ready for the question? The question before the house is the motion of the Prime Minister which has to do with extending the hours for considering private bills. When discussion of this motion opened, a number of members who are now in the house were not then in the house. At that time I pointed out that the debate should be on this motion, and not on the bill. I trust that hon. members who speak on this motion will confine their remarks to the principle of the motion.

Mr. Drew: Mr. Speaker, when the house rose at one o'clock, I had referred to the fact that this motion is one which places before the house the responsibility for determining whether the ordinary procedure should be departed from in relation to two particular bills. While the house naturally accepts without question the ruling that the principle involved in the bills concerned is not debatable, the nature of the bills which call for this motion is a subject for consideration at this time.

The point that I had made just before one o'clock was that the government, in its explanation, suggests that it has no particular concern about the subject matter of these bills, but that it does not think the limitation of time provided by a standing order should make it possible for the members to be deprived of an opportunity of voting on these two particular bills. I had pointed out that the same argument applies to public bills and orders. If it is sound in this case to ask the house to change the standing order to extend the time for this particular purpose, it would be equally proper to make sure the members have an opportunity of expressing their judgment on matters placed before this house by hon. members. I went further, and suggested that if this is to be accepted as a precedent, and all motions of this kind do become precedents by acceptance, then we should consider the fact that public bills and orders are on a higher plane than private bills.

Public bills and orders are introduced on the responsibility of members who have been elected by their representatives to share, not only on behalf of their constituents but collectively on behalf of all the people of Canada, the responsibility of government in Canada. In the other case, the procedure is one under which individuals or corporations present petitions and then have their bills sponsored in the house by those who quite often show little attachment to the subject matter of the bill. Having complied with the provisions by way of petition, the bill then comes forward with someone's name attached to it without much suggestion that that individual is seriously identified with the subject matter of the bill. The fact that that is so is evident in this case, because it has already been explained that one hon. member of this house was to have had his name attached to the bill originally, but that was withdrawn and someone else was found who was willing to have his name attached to it.

I suggest therefore, Mr. Speaker, that a decision to vary the regular procedure for this particular purpose should not be contemplated unless the basic argument that the members should have a democratic right to express their opinion in regard to it and register their position should also apply with equal force to public bills and orders. I suggest that it does create a precedent which should be examined carefully. No other reason has been put before us by the Prime Minister in support of this motion. If action were taken by this parliament to extend the time of debate for a purpose so undefined, I would suggest that it would be equally appropriate to present a similar motion at any time to diminish the time of debate. If that is so, then the standing orders would cease to have very much effect in controlling the debates and the orderly business of the house.

While the Prime Minister pointed out that the subject matter of the bills is not one of direct concern to the government and that the point which is really being raised is the democratic right of the members to express their position on the bills themselves, I would point out that the Minister of Trade and Commerce (Mr. Howe) in his remarks on November 15 certainly left the impression that he, at any rate, was greatly concerned about whether or not a decision was made on these bills. On that occasion he made the statement that a good many uninformed assertions have been made in the house about these bills. It is not to be wondered at, Mr. Speaker, that uninformed statements might be made since we have no information other than the fact that in two cases solicitors are applying for incorporation; that no route is outlined and that, having received incorporation, these companies will attempt to obtain the requisite authority afterwards.

I submit, Mr. Speaker, that I am not discussing the principle of the bills but the principle with which we are confronted, when I point out that these bills are different from bills incorporating railways, another type of common carrier. It is true that what is carried is different but the railways, as common carriers, present their petitions in a similar manner. But in every case in which a railway presents a petition for a similar incorporation, they must state exactly where they intend to go.

Mr. Speaker: Order. I do not like to interrupt the leader of the opposition (Mr. Drew) but it seems to me that he is now discussing the bills; I hope he will not do so at too great a length but will rather discuss the principle of this motion.

Mr. Drew: Without calling for a ruling on the matter, Mr. Speaker, I think I can say that in a few words I can dispose of the point I wish to make, which I think is fundamental to this discussion. In this particular case we are asked to depart from the ordinary standing order so that we may consider a bill which does not tell us where this particular pipe line would be going. The point I am making there is not as to the merits of the bill itself as such, but as to the fact that any argument that this situation can be cured in committee is not correct. In the very discussion on these bills, the Minister of Trade and Commerce (Mr. Howe) pointed out that he did not have the information he wanted but that the place to obtain it would be in committee. What I am pointing out—

Mr. Speaker: Order. Does the leader of the opposition not agree with me when I say that that matter should be discussed when the bills are before the house on second reading?

Mr. Drew: It will be recalled, Mr. Speaker, that I have said nothing in debate about the bills. What I am trying to do is to point out that we should be extremely careful about a special motion of this kind because it would permit the abandonment of the ordinary standing orders so that the second reading could be proceeded with without the obtaining of information which the committee would not be empowered to incorporate in the bill in any event.

I have said all I wish to say, so that we shall not proceed to the stage where it will be necessary to make a ruling on this particular point. But for the consideration of hon. members of this house I suggest that we are being asked to support this motion for a reason that brings the bills into consideration. The Prime Minister (Mr. St. Laurent) has stated that hon. members should not be deprived of the right to vote on them. Then he stated that it was the responsibility of the government not to permit obstructionist tactics to delay consideration of these bills. As I recall his remarks, the only argument that really justified this resolution which he put forward was that there should be a democratic right to have the judgment of the house expressed on these bills, and that obstructionist tactics should not be permitted to deprive the members of that right. If that is the argument, surely it is the responsibility of each of us to examine the tactics which are brought in issue by the Prime Minister in saying that this motion is to overcome what are described as obstructionist tactics.

I had not expected to take any part in the debate on these bills, because they were being dealt with by other members who had a particularly close interest in them geographically. But I think that it is now the duty of every hon. member to say whether, by a special resolution of this kind, the standing orders shall be changed so that the obvious desire of the Minister of Trade and Commerce that incorporation be granted—

Mr. Howe: Now, now! When, Mr. Speaker, did I ever say that I desired incorporation to be granted?

Mr. Drew: On November 15, at page 1806 of *Hansard*, the Minister of Trade and Commerce expressed the hope that the house would proceed to pass these bills in order to get them before the committee so that the ordinary procedure could be followed to carry them beyond that stage.

Mr. Howe: Would the leader of the opposition read that section?

Mr. Drew: I think perhaps it would be just as well if I were to refresh the memory of the house with regard to what the minister said on that occasion, since he questions my statement. At the bottom of page 1805 of *Hansard* he is reported to have said:

I said that the first requirement under the Pipe Lines Act is that the company shall be incorporated by act of this parliament. I pointed out that the company must next acquire the gas sufficient to justify a pipe line, by contract with producing companies or by other means. I then pointed out that the company must obtain an export licence from the province of Alberta which, through its own legislation, has retained jurisdiction over the export of gas from that province. I then pointed out that the Board of Transport Commissioners for Canada must be satisfied with the route of the pipe line and satisfied with all particulars regarding the construction of the pipe line.

I stated that one requirement of the board of transport commissioners would be the assurance that an export licence under the Electricity and Fluid Exportation Act would be forthcoming. That act is administered by the Minister of Trade and Commerce, and its function is to make sure that electricity or fluids are not exported until the present and future requirements of Canada are satisfied. It is therefore seen that there are ample safeguards for the public interest of Canada.

A good deal has been said about possible routes of the pipe line. A good many uninformed assertions have been made in the house in that regard. I know nothing about the pipe line company which is asking for incorporation under this bill;—

That is, Prairie Transmission Lines Limited.

—but I do know something about the interests that are asking for incorporation under another bill now before the house. I know that that company has surveyed five routes from Alberta to the Pacific coast, and that one of them at least is an all-Canadian route. There is no difference whatever between my opinion and opinions expressed here that Vancouver must not be on the end of the pipe line. Vancouver must be served before any considerable service is taken off for supply to the United States. Under the Electricity and Fluid Exportation Act that requirement would have to be complied with before any export permit will be given by the department of which I am the minister.

However, I do think that these acts should be studied, and studied very carefully. I should like to know much more about the incorporation asked for in the bill about which I am speaking than I know at the present time. But the place to obtain that information is in the committee on railways, canals and telegraph lines to which this bill will be referred, and before which the sponsors of the bill will appear to make their case for incorporation.

I will say this, however, that since incorporation by act of parliament is a requirement of the Pipe Lines Act, that incorporation should not be refused on trivial grounds. It seems obvious to me that if a responsible group of men, be they Canadians or Americans, properly financed and having the proper background of experience, apply to this parliament for incorporation, they are entitled to incorporate.

I should like also to say a word about what seems obviously to be a filibuster in connection with these bills. The government will not permit any small number of members to prevent this house as a whole from voting on a private bill. If these bills continue to be talked out in the limited time permitted for private bills, the government will ask the house to suspend the rules and provide whatever time is required to finish the discussion and to obtain a vote on such bills.

Then I believe in some part of it there is a reference to one of the parties in this house; and the closing words of the minister are:

Therefore, I hope that these pipe line bills will be examined and if they are properly sponsored I hope that this house will grant the incorporations.

I would have thought that was a fairly complete summary and a fairly definite statement that the minister thought that the bills should be adopted. That is what the words seemed to imply; and it is the right of the minister to say so. But what we are being asked to do here is to abdicate our responsibilities and to follow this particular course. The word "filibuster" and the word "obstruction" have both been used to describe tactics. I happened to notice that at the time this bill came up for debate on the last occasion only four or five members of the house had spoken on it. That seems to be a fairly limited number to describe as a filibuster. There is something much more than that involved here. The right of hon. members to express their opinions on matters of this kind is not one that should be denied by the mere majority of hon. members, following the lead of the government in regard to bills that are presumably private bills and not bills put forward with the responsibility of the government.

We should not be asked to take the position that because the Minister of Trade and Commerce (Mr. Howe) has informed us that a number of other agencies must exercise their judgment we should exercise none. Yet,

that is precisely the position in which we are being placed by the way these bills come before us in this house. The procedure is one that does not invite the co-operation of the minority members of the house. As has been pointed out on a number of occasions, it is not only a legitimate practice, it is in many instances a very necessary practice, for hon. members to avail themselves of the rights they have to prevent what they regard to be an improper course. Every hon. member who thinks that an improper course is being followed has a duty to exercise whatever rights he has under the rules to prevent that course reaching its improper result.

Call the discussion which has taken place a filibuster; call it obstruction; call it what you will, it has only been the presentation of things by individual members of the house —and I might point out individual members of both sides of the house—as the reasons why they do not think that the bill should be dealt with in this particular way. But I was struck very forcibly by the fact that a number of hon. members on both sides of the house indicated that they were quite prepared to support bills which gave them the information that they thought was essential for them to assume their actual responsibility. I do not think it is for the hon. members to abdicate their responsibilities.

I suggested this morning that if the right is not included, if we are not to be given information fully, another course would be to bring in an amendment to the pipe-line bills, which should be brought in this session, treating the incorporation of the companies merely as a formal procedure, imposing no responsibilities on those who grant the charter except to see that the form is complied with. If that were done I am sure hon. members would support such an amendment; but, Mr. Speaker, one of the issues before us in this particular motion is whether parliament, when it passes on something, is going to insist that it have the facts upon which it can base a judgment. I for one do not believe that any hon. member of this house should be asked to pass judgment on something in regard to which he has no essential information. It is for that reason and the other reasons I have explained that I shall oppose this motion.

Mr. Church: Twentieth century Liberalism.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I think that by this time we are all aware of the fact that this is a most unusual motion. In addition to the motion being unusual it is quite clear that the reason it is taking time, the reason it is contentious, is to be found in the attitude of of Minister of Trade and Commerce (Mr. Howe), when he spoke a week ago tomorrow night. I do not think anyone would deny the fact that this house has shown itself on many occasions prepared to co-operate with any reasonable suggestion. I am satisfied that if the government had gone about this thing in a reasonable way we might not be taking up the time that this house is having to spend today on this matter; but you cannot threaten a democratic parliament and not have it cost at least time.

I may say, Mr. Speaker, that some of us have wondered who helped the Prime Minister (Mr. St. Laurent) draft this motion. It is so unusual I wonder whether it came from the Minister of Trade and Commerce. As I say, I have gone back and looked over the records of the past. In the noon hour there was not time to go through everything that has happened since 1867 down to the present time; but I went to the library and pulled out the *Journals*, and in some instances *Hansard*, of certain years of the past, some of them deliberately but many of them at random. For example, I pulled out both the *Journals* and *Hansard* for the year 1872, the year the bill went through respecting the Canadian Pacific Railway Company, a private bill, a very important bill in the life of this country, introduced by a private member by the name of Mr. Grant. I pulled out volume after volume across the years, and looked at standing orders that were suspended. In no case did I find a standing order suspended for the purpose of giving more than the allotted time to private bills. Just in case it might have happened in a certain period in the life of parliament I took the years from 1930 to 1935 and pulled out every year, and looked at every standing order that was suspended during that regime, and not once was a standing order suspended for the purpose of giving extra time to the consideration of a private bill.

I may say that standing orders have been suspended frequently, shall I say, in every session of parliament. The kinds that are usually suspended are the standing orders that have to do with the petitions being filed in time. But I repeat, never has there been an instance, so far as I could find out, where extra time has been taken away from public business and given to private bills.

I read with interest over the week end some of the debates respecting these very rules regarding private bills when they were passed back in 1867 and revised in the early seventies. The whole spirit of those debates was that private bills must be subjected to a special stringency not applied to public bills and government measures. Therefore, I

emphasize the fact that this is a most unusual precedent that the Prime Minister is bringing before parliament at the present time.

There was an occasion in 1895 when an attempt was made to suspend a certain standing order having to do with private bills, although it was not the particular standing order that we have been considering today. During the course of the discussion on that matter none other than Sir Richard Cartwright, who was quite an outstanding Liberal, had something pretty forceful to say. This was on July 5, 1895. Sir Richard Cartwright said:

> There are a number of important bills that we have no chance of touching. The government do not propose to suspend the rules of the house and let them have a chance, but in favour of this bill they propose to suspend all the rules of this house, because by accepting this motion, you practically decree that our standing orders are of no consequence whatever, that every standing order of this house may be abrogated without notice, a proposition that seems to me to be a monstrous one.

I think, Mr. Speaker, that that position taken by Sir Richard Cartwright, namely, that the house should oppose any effort on the part of the government to give extra time to private bills, at the expense of private members' public bills and at the expense of government legislation, is a monstrous proposition that should not be tolerated in this house.

I call as another witness another Liberal, the present Prime Minister, who had something to say on a similar matter in this house on October 28 of this year. On that occasion, bearing in mind we had not concluded the debate on a motion before the house having to do with federal aid to education, I moved an amendment to a motion the Prime Minister presented to the house, and in my amendment I asked that we have one more private members' Wednesday, and that the order of business be arranged so that on that one more Wednesday we might continue to discuss, not private bills, but a private member's resolution relating to a matter of public policy—and a very important matter.

What did the Prime Minister have to say? He said:

> I do not think it would be a good precedent—

Note that, "good precedent"—

> —to have the house decide that any one of these academic resolutions submitted by hon. members should have precedence over the other. The rights of each member are equal, and when there is an opportunity for those rights to be exercised, it seems to me that they should be exercised according to the provisions of the standing orders.

And then later he said:

> There should not be a day especially set aside for the continuation of the debate on the resolution of the member for Saskatoon.

Well, when we have now the same Prime Minister, who would not agree to this house taking further time to discuss a matter of public policy, moving a motion which gives special consideration to two private bills, I am wondering who these people are who get this special consideration.

That led me to look up the names of some of those who are behind these bills. I find that in one case one of the promoters is none other than a certain John Black Aird. I would like to know if he is the same John Aird who appeared before the committee investigating the Beauharnois power project on July 17, 1931, and was asked a long string of questions, just one or two of which I would like to quote.

> Q. Is it fair to sum up your recollection of your conversation with Mr. Sweezey this way: You met him and asked him how he was getting along: He said he was having a bit of trouble and you said, "Perhaps I can help you out, but I want 50 cents a horse-power or $125,000 if you get the contract?"
> A. That was the first conversation; yes.

Mr. Speaker: Order. I cannot see how what the hon. member is reading has reference to the motion before the house.

Mr. Knowles: I just asked the question—a rhetorical question, I confess: Who are the people to whom special consideration is being given, by the terms of the Prime Minister's motion? I know one of those persons is John Black Aird. I would ask the house to recall something in the past about one who appears to be the same person. Just one or two more questions—

Mr. Speaker: There is no evidence before the house to permit the hon. member to conclude that the gentleman referred to in the committee report is the same person as the one by a similar name in the bill.

Mr. Knowles: All right, we will leave that until we reach committee on the bill.

It does seem to me, Mr. Speaker, that this motion of the Prime Minister today is the end result of a long series of special benefits that have been accorded to these bills incorporating pipe lines which, frankly, I regard as indecent.

I would remind the house that last April, before the Easter recess, the Minister of Trade and Commerce urged the House of Commons to speed things up to give second reading to the pipe lines bill.

Mr. Howe: Mr. Speaker, when these bills were discussed at the last session the Minister of Trade and Commerce was in the United Kingdom.

Mr. Knowles: The Minister of Trade and Commerce misunderstood me. I was referring to the general pipe lines bill, which was

passed before the Easter recess, and I believe the Minister of Trade and Commerce was here then.

Mr. Howe: For part of the discussion only.

Mr. Knowles: He was here at the time when he asked the house to give the bill second reading so that the principle could be endorsed, and so that the bills incorporating companies could be introduced to the Senate. Does he not recall that that did happen?

Mr. Howe: I do not recall it. I was here during the early discussion of the pipe lines bill, but I went to the United Kingdom two weeks before the session ended.

Mr. Knowles: But there is no doubt that the Minister of Trade and Commerce was here for the proceedings to which I referred. Then when we came back after the Easter recess we were informed on the Monday night that parliament would be prorogued or dissolved on Saturday of that week. With respect to the suspension of standing orders, look up the *Journals* for that week and you will find that it was done with respect to a great many of those bills, except that no extra time was allowed. But other standing orders were set aside one after the other, at the request of the government, to facilitate getting those incorporating bills through.

The whole picture during that period of time at the end of April, just before the election at that, was to me an indecent one, confronted as we were with this desire of the government to get these pipe line companies incorporated.

Now, after all that indecency we had last April, we have this instance of a little delay in the house with respect to the second reading of these bills, at which time the Minister of Trade and Commerce gets up and accuses the house of filibustering. Along with that he accuses this party of being responsible for that filibustering, whereas up to that time only one member of this party, the hon. member for Yale (Mr. Jones), had spoken to those bills, and very briefly at that.

After that charge by the Minister of Trade and Commerce that a filibuster was being carried out we receive this threat that unless the house passes these bills there will be this special kind of motion brought in. Well, apparently the Minister of Trade and Commerce gave the house one more chance on Friday night to see whether the bills would go through. They did not go through, so that now we have this motion.

But I ask hon. members to note that no matter how much the government may try to put forward the niceties of the situation and say that they are still private members' bills, the house should note that the Minister of Trade and Commerce and the Prime Minister have brought in this motion to facilitate getting these bills through—and that, by the way, in spite of this quotation from Bourinot —and I am not speaking to a point of order, Mr. Speaker, but just as a matter of argument, where he says at page 581:

> It is a recognized principle in the Canadian, as in the English parliament, that ministers of the crown should not initiate or promote private bill legislation. But ministers sit on private bill committees in the Canadian commons—

And notice this—

> —and carefully scrutinize all private and local legislation with a view to guarding the public interest.

And there is a footnote which says:

> In England, the occupants of the treasury bench are exempt from serving on private bill committees.

I know the Minister of Trade and Commerce and the Prime Minister will tell us that they did not initiate these private bills, and that in the strict sense they are not promoting them. But they certainly are the two persons in this House of Commons who are facilitating getting these bills through.

In the light of these precedents and in the light of the practice that ministers of the crown stay away from these private bills and especially company incorporations where such huge sums of money are involved, they have made a serious breach—both of them—in what they are doing at the present time.

I intend to bring my remarks to a close.

Some hon. Members: Hear, hear.

Mr. Knowles: I notice hon. members opposite say "Hear, hear". I hope they will say "Hear, hear" a minute from now. I intend to move an amendment to the motion of the Prime Minister. I move—

Some hon. Members: Hear, hear.

Mr. Knowles: I am glad to note that my amendment is accepted even before hon. members hear its terms. As has already been pointed out, under standing order 15 an hour is set aside on Tuesday nights for private and public bills, the former having precedence.

Mr. Bradette: We know that.

Mr. Knowles: I am glad the hon. member for Cochrane (Mr. Bradette) does know that. I wish the Prime Minister (Mr. St. Laurent) knew it, and I wish the Minister of Trade and Commerce (Mr. Howe) knew it. I wish whoever drafted this motion had known it and recognized that fact.

The motion before us proposes to extend the time allotted for the consideration of private bills. As the leader of the opposition (Mr. Drew) has pointed out, if there is to be any fairness in a proposal to change the rules,

such rules should be changed on the basis of equality as between private and public bills. If the time is going to be extended, let it be extended, not just for private bills but for public bills also. As a matter of fact, if there is to be any distinction it ought to be the other way around: there ought to be allowed extra time for public bills rather than extra time for private bills. So if this motion is before us, despite my objection to it this morning, I feel that some attempt should be made to make it a proper motion. For that purpose I move, seconded by the hon. member for Vancouver East (Mr. MacInnis):

> That the motion be amended by inserting therein between the word "private" and the word "bills," at each of the three places in the said motion where the phrase "private bills" appears, the words "and public," so that in each case the phrase "private bills" will read "private and public bills."

May I point out, before someone else does, that if this amendment were to carry and if it were ordered that tomorrow evening the hour for private and public bills shall be extended to the three-hour period, if the debate on the private bills consumed the whole of the three-hour period then of course we would not get to public bills. But I admit that that is the way the standing order now stands, that private bills always have precedence over public bills in the hour allotted. However, because of the way the Prime Minister has worded his motion, if we have not finished with private bills at nine o'clock tomorrow night we can continue for the rest of the evening, but with a proviso attached. Thus, if we finish private bills at ten o'clock, do we then take public bills? No, we go on with the business that was in hand at six o'clock.

I submit that somewhere in this picture there should be some element of fairness. My contention is that the attitude shown toward these pipe line bills through the whole piece has been one where the government, led by the Minister of Trade and Commerce, has gone just a little bit too far. I submit that this disregard of the primary importance of government legislation and of public bills over private bills has been carried just a little bit too far.

The whole business is amazing to all of us. What we are witnessing in this house in connection with this private bill matter, what we are witnessing in the action of the Prime Minister and the Minister of Trade and Commerce in attempting to facilitate the passing of these bills, is indeed as bad as we are saying it is; in fact it is a whole lot worse. I have been startled at the number of things

which have been done during this session which are contrary to hundreds of years of British parliamentary practice.

True, the Minister of Trade and Commerce has been mixed up in most of them, but that is no reason why the government should continue to make this kind of mistake. I hope the amendment I have moved will be accepted. Even if it is, it will not be satisfactory, but if we are going to change standing order 15 with respect to Tuesday evening at least it will be changed so that the additional time provided will permit consideration, not just of private bills but of private and public bills as provided for by the standing order itself.

Mr. Speaker: Before reading the amendment may I say to the hon. member for Winnipeg North Centre (Mr. Knowles) that I noted his remark when he reminded me that he did not approve of my ruling this morning. Perhaps I should have reminded him and other hon. members of the house at that time that standing order 15 is frequently suspended with regard to Monday sittings. Standing order 15 provides for the order of business as follows:

> Monday (private members' day).
> Private bills

That standing order is regularly suspended. I think it has been suspended in every session which I have attended without any reference to the committee on standing orders.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, if the proposed motion is accepted by the house the result will be that tomorrow evening private bills will be considered after nine o'clock rather than being restricted to the hour between eight and nine. I assume that if the government does not achieve its purpose of having these two bills put through tomorrow night it will take further steps to see that they are passed before the end of the session. As has been mentioned by the leader of the opposition (Mr. Drew) and the hon. member for Winnipeg North Centre (Mr. Knowles), the effect of this move is to put aside government business, the business of the country, in order to allow these private bills to go through.

In fact the government is forcing these two private bills to a vote at a time when the Prime Minister (Mr. St. Laurent) is professing complete indifference as to whether they are passed. The Minister of Trade and Commerce (Mr. Howe) is not quite so naive. He has expressed everything but indifference with regard to the bills. The effect of the government's action will be to benefit two groups of individuals who are applying for

incorporation of two natural gas pipe line companies, one company to be known as the Alberta Natural Gas Company and the other as Prairie Transmission Lines Limited.

Not only will the effect be to benefit these individuals who have applied for charters—we all know that they are applying on behalf of undisclosed principals—but I understand that one incorporation is in effect being sought by a company known as Northwest Natural Gas Company which is described in the *Financial Times* of November 18 as a United States corporation which plans to pipe Alberta natural gas south into the states of Washington and Oregon with side lines to southern British Columbia cities, such as Vancouver.

Has the government actually the gall to pick and choose among private bills and to say, "We like this private bill and we want it to go through"? That is what they are doing here. They are picking two private bills and attempting to force them through the house, or in any event to force them to a vote. After the stand taken by the Prime Minister (Mr. St. Laurent) and the Minister of Trade and Commerce (Mr. Howe), everyone knows that it will be a most independent-minded Liberal, such as the hon. member for Fraser Valley (Mr. Cruickshank), who will stand up and vote against the bills. If this is to be the course followed by the government, then why not change the rules? If they are going to force these measures through, then let them be honest about it, change the rules, and provide that these things can be done legally.

May I point out that the government is attempting to force these bills through despite the fact that there is a most important issue at stake.

Mr. Speaker: Order. I think the hon. member is not discussing the principle of the motion before the house or of the amendment. I am not calling upon him to discuss only the amendment, but I ask him to direct his remarks to the principle of the motion.

Mr. Green: Mr. Speaker, here we have a motion introduced by the government for the purpose of setting aside extra time to discuss these bills. I suggest to you that I am entitled to explain why, in my opinion, a certain stand has been taken as to these measures by those who oppose them. It is pertinent to the discussion. The speeches made on these bills have not been made merely for the sake of taking up the time of the house. I made a speech on one of them myself and pointed out why I was opposed to it. I repeat that there is a most important issue at stake, and that is why many of us are so concerned with the motion now before the house.

Mr. Speaker: I cannot agree with the hon. member. It is not in order for him to discuss why he is opposed to the bills. He has an opportunity to do that when the bills are before the house for discussion, but he should not do so on the present motion.

Mr. Green: Surely I am entitled to say why I think the discussion on the bills should not be cut off, and why the government should not take the action it is taking today.

An hon. Member: It will give more time.

Mr. Green: The whole point is that I believe the gas pipe lines should serve the Canadian people first before they go into the United States.

Mr. Speaker: Order. I cannot allow that discussion. I hope the hon. member will not pursue it at this time.

Mr. Green: Mr. Speaker, surely questions of that kind are involved in the present motion. I will not follow that point further except to say that the Prime Minister and the Minister of Trade and Commerce are now taking the position that we must pass these bills, and that provision must be made at this session in order that the house can express an opinion by a vote on these two measures.

The Minister of Trade and Commerce has suggested that any group of men who come here and ask for a charter, provided they are apparently financially able and responsible people, should be given a charter by the house without any further argument. He says: Let them fight it out; let as many companies apply as wish to do so, and then let them fight it out, or let the Alberta government decide. On the 8th of November the Minister of Trade and Commerce said at page 1559 of *Hansard:*

> And may I say in passing that I am very glad indeed, as a member of this government, that the province of Alberta has relieved this government of the responsibility of making a choice of pipe line companies to do this particular job.

He has made other statements. For example, he has intimated he will see to it that gas is supplied to Vancouver before it goes to the United States. I do not know how he is going to do that if the pipe line is to go through the United States first. I do not believe he is that all-powerful. No arrangement has been made with the United States.

Mr. Speaker: Order. The hon. member is again discussing the bills and not the motion.

Mr. Green: Mr. Speaker, I submit I should not be prevented from speaking in this way. The Prime Minister, the leader of the opposition (Mr. Drew), and the hon. member

for Winnipeg North Centre (Mr. Knowles) have not been restricted, and I suggest I should be entitled to make my case.

Mr. Speaker: I think I have probably given the hon. member for Vancouver-Quadra more latitude than I gave the hon. member for Winnipeg North Centre. I may have given the leader of the opposition a little more latitude, but I think it is his wish, and the wish of hon. members of the house, that at this time the discussion should be on the motion.

Mr. Green: In the face of that ruling, Mr. Speaker, I am afraid it is going to be difficult to discuss the merits of this particular resolution.

An hon. Member: Give it a try.

Mr. Green: I would say in conclusion that we have here an attempt at dictation by the Minister of Trade and Commerce backed up by the Prime Minister. The Minister of Trade and Commerce intervened in the debate on these private bills, and in effect took the stand that the government was behind them. There can be little doubt in the mind of any member of the house that actually the government is behind these measures, and that is particularly clear in view of the action being taken today. This concern to aid pipe line promoters does not compare favourably with the failure to give consideration to such people as the recipients of war veterans' allowance and our senior citizens.

Some hon. Members: Order.

Mr. Green: The action of the government in bringing this motion forward today shows not only that the ministry is arrogant but also that it is a big-interest government, and I hope the people of Canada will realize that clearly.

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, within the limits which your ruling places on the debate, I agree that it will be difficult to debate the matter. No reasons have yet been given either by the Prime Minister (Mr. St. Laurent) or by the Minister of Trade and Commerce (Mr. Howe) why the rules of the house should be suspended in order to give precedence to two private bills, and I say that puts an additional difficulty in our way. Surely, there must be some peculiar merit in these two bills. There must be some particular urgency. There must be some public interest to be served if we are going to delay the business of this house in order to have a debate on them, and have them carried if possible. That being so, surely we are entitled to hear from those who have now put themselves in the position of promoting these bills.

An hon. Member: Carried.

[Mr. Green.]

Mr. MacInnis: One of the rubber stamps says "Carried". If that is what he was sent here for, that, of course, is his business and the business of his constituents. If he continues to act in that way, I would not be surprised if he were a bird of one flight.

Mr. McIlraith: He is entitled to an opinion, just as you are.

Mr. MacInnis: During the time I have been in this house, nothing has distressed me so much as what has happened today. We are putting ourselves in the position where—

Mr. McIvor: Mr. Speaker, did I understand the hon. gentleman to call me a rubber stamp?

Mr. MacInnis: I did not call anyone a rubber stamp except the one who called "Carried" when I had the floor.

Mr. McIvor: If the hon. member has called me a rubber stamp, he will take it back here or some other place.

Mr. Speaker: The hon. member for Vancouver East has assured the house that he did not refer to the hon. member for Fort William.

Mr. MacInnis: I do not know what the laughter is about, Mr. Speaker, but perhaps it is because of the belligerency of a person who I thought was an apostle of peace.

I was saying, Mr. Speaker, that nothing that has happened in this house during the time I have been here has so disturbed and distressed me as what has been done here today. As has been already stated, we find that not only the government but two of its most prominent members, the Prime Minister (Mr. St. Laurent) and the Minister of Trade and Commerce (Mr. Howe), are putting themselves on record as the promoters of private bills.

Mr. McIlraith: No.

Mr. St. Laurent: On a question of privilege, Mr. Speaker, I do not think the hon. member should make that assertion. I am certainly not promoting any private bill, but I am promoting the principle that, when parliament has declared the only way to proceed to get incorporation is by an act of parliament, an opportunity should be afforded for parliament to express its views, in spite of what appear to be concerted efforts to talk the matters out.

Mr. MacInnis: Mr. Speaker, I have been here quite a while. I have seen the government of which the Prime Minister was a member often talk bills out. This is the only session of parliament since I came here when private members' bills or resolutions were allowed to go to a vote. The government

majority is so large they feel they do not need to care what the people think about what members on the opposition side of the House think. If the Prime Minister is not promoting these bills, he is certainly facilitating their passage through this house.

Mr. McIlraith: Not their passage.

Mr. MacInnis: Let us look at what is happening. Surely, the members of this house have the right to oppose any measure that is brought before the house.

Mr. McIlraith: That is right.

Mr. MacInnis: Any measure that comes into this house—

Mr. McIlraith: That is what is being given to you.

Mr. MacInnis: Any measure that comes into this house according to the rules of the house, that is the point I wish to make. The bills which come before this house are of three types. There are government bills which the government usually carries without much difficulty. There are public bills which are put forward by private members of all parties. Then there are private bills which are first of all promoted by outside interests who have some special private interest to advance. If it so affects the interests of the country that those individuals must come here for a charter, surely it does not automatically follow that they must receive a charter merely upon presentation of a bill.

Mr. St. Laurent: No.

Mr. MacInnis: The Prime Minister says "no". If that is correct, then those who are opposed to what is being asked are entitled to oppose it until they defeat the measure, if they can. If that is not the principle of parliamentary procedure, then I do not know what parliamentary procedure really is. Private bills are in a particular category. The rules and forms of this house have made that abundantly clear.

Let me draw to the attention of this house what an outstanding Liberal said in connection with private bills and the position of members of parliament in regard to them. I am quoting from *Hansard*, 1883, volume 1, page 37:

> We have adopted a system wholly vicious, a system by which members of the house are expected, not merely to introduce and take the first steps in connection with the passage of private bills, but also to become their advocates and active promoters, and the position which we see is assumed with regard to such bills is one which is quite inconsistent with the true position of members of parliament called upon to pass judgment on them.

If we are to be free members of parliament, we cannot put ourselves in the position where we are supporting private interests outside this house. There is nothing further I wish to say on this subject. As I said, I believe a debate should be allowed on the merit of the bills; for how can anyone say whether the rules should be suspended if there is not some particular reason for doing so? That reason must lie in the merit or demerit of the private bills referred to in the motion.

The motion, as it is based on part 4 of standing order 15, should also apply to public bills unless the government takes the position that these private bills are more important than the half dozen public bills that are on the order paper. If the government takes that position, regardless of what they may say, they are supporting and promoting these bills.

Mr. Victor Quelch (Acadia): Mr. Speaker, I did not intend to take any part in this debate. After listening to a number of speakers, however, I do think, and I think all members must feel, that the whole question has acquired a rather unpleasant odour. I say that as a member of a group who have already stated that they were prepared to support the pipe line bills, that they were not opposing them. On the other hand, when I find that one of the men supporting one of these pipe line bills is one of the same men who were mixed up in the Beauharnois scandal, I think perhaps we may change our opinion in regard to supporting measures of that kind in this house.

Mr. Speaker: Order. I hope the hon. member will not pursue that subject further at this time.

An hon. Member: That is hot.

Mr. Quelch: I am sure you will agree, Mr. Speaker, that the less said on that subject, the better for the government anyway.

Another point that I disliked greatly was when the Minister of Trade and Commerce (Mr. Howe) the other night threatened the members of this house that if they continued their opposition to the bill, action would be taken by the government to facilitate its passage. Right at that time, although we were supporting the bill, I felt like getting up and opposing it, because I do not like any form of intimidation. Now we find the Prime Minister (Mr. St. Laurent) bringing in a resolution to carry out the threat of the Minister of Trade and Commerce.

I have been in the house since 1935, and on many occasions I have seen private measures talked out by members of the Liberal party; and no member of the Liberal party has been better at that than the hon. member for Winnipeg South Centre (Mr. Maybank).

I think for a while he must have had the official job of talking out measures brought before this house. Not once did the government step in to facilitate the passage of a bill or measure that was being talked out by the hon. member for Winnipeg South Centre. Why do the government now feel it necessary to step in to force a measure through this house; and that is what it really amounts to. Surely that action can only be taken by the government because they are interested in seeing this measure go through. I do not mean that they are interested personally in that they will benefit by it, but they have shown by their action that they are personally interested in seeing that these bills go through the house.

Mr. Church: You might as well abolish parliament.

Mr. J. M. Macdonnell (Greenwood): Like the last speaker, I had not intended to say anything about this matter, but I will add just a word or two. Without much knowledge of the subject, I assume that the division of time as between government business, private bills, and private members' public bills was carefully thought out in times past, that these rules with regard to this division of time were established with care, and stood the test of years. That does not say that they are sacrosanct or that they should not be changed. But like others who have spoken, I think that the circumstances under which we are being asked to change them are, to put the matter mildly, unfortunate. There will certainly be the feeling that has been expressed strongly that if any change in the rules is made now, it is made under circumstances which, as I said a moment ago, are unfortunate, to say the least. It seems to me that it would be infinitely better if we had been able to discuss the matter on its merits; and I am afraid that many people will feel that that is not being done at the present time. I had a phrase running through my mind, and I have sent out to find out a little bit more about it. There is an old phrase, which will be familiar to the lawyers, and which was in use at the time when the strict rules of law which had been so rigid and unyielding were tempered by rules of equity. It became a saying that equity was determined according to the length of the foot of the chancellor. I will read you a short explanation:

> Equity is according to the conscience of him that is chancellor, and as that is larger or narrower, so is equity . . . one chancellor has a long foot, another a short foot, a third an indifferent foot. 'Tis the same thing in the chancellor's conscience.

It seems to me, Mr. Speaker, that if this motion goes through, we are going to determine this matter not on the merits of the case but really, as has been suggested, according to the shortness of the temper of the Minister of Trade and Commerce; and I think that would be a most unfortunate thing.

Mr. J. W. Noseworthy (York South): I want to oppose the resolution of the Prime Minister, Mr. Speaker, and place myself on record if only as supporting the amendment that has been suggested. As a matter of fact I would prefer that the resolution even as amended should be defeated. The question in my mind is as to the difference between the position the Prime Minister has taken today and the position he took on October 28. You will recall that on that day he brought in a motion—

Mr. Speaker: Order. I did not stop the hon. member for Winnipeg North Centre (Mr. Knowles) when he referred to a previous debate in this session. He made a short reference to it. When a brief reference is made to a former debate on another subject in the present session it has not been my custom to stop the hon. member making it. I hope that the hon. member for York South (Mr. Noseworthy) is not now going to discuss at any length a debate which took place during the present session.

Mr. Knowles: On the point of order, Mr. Speaker, may I suggest that reference be made to May's Parliamentary Practice, thirteenth edition, at page 316, and I shall read only a sentence or two:

> It is a wholesome restraint upon members to prevent them from reviving a debate already concluded . . . The rule, however, is not always strictly enforced: peculiar circumstances may seem to justify a member in alluding to a past debate, and the house and the Speaker will judge, in each case, how far the rule may fairly be relaxed.

I think Your Honour was perfectly fair in what you did to me. I hope you will treat others in the same way.

Mr. Speaker: I think I followed that reference when I allowed the hon. member for Winnipeg North Centre to allude to the debate. I think he went a little further than alluding to the debate, but I did not stop him. I hope the hon. member for York South will not do more than allude to that debate.

Mr. Noseworthy: I want to assure you, Mr. Speaker, that it was not my intention in any way to speak in opposition to your ruling or to contravene the rules of the house. We find it a little bit difficult, however, to carry on this debate without running foul of the rules somewhere. I was pointing out that I am rather at a loss to understand the different attitude that the Prime Minister is taking

today from the one he took on a former occasion. Then he was greatly concerned about getting the business of the government through the house. Some of us were asking for the privilege of speaking for two or three hours on the subject of education; but we were assured that so much government business was before the house that we could not go on with that discussion.

The second point raised by the Prime Minister on that occasion was that it would not be fair to permit extra time for the discussion of that particular public bill brought in by a private member, that all these bills should be treated in the same way, and that no preference should be given to any one. It is quite evident from the resolution before us that for some reason or other the government is anxious that more time should be apportioned to the debate on these particular pipe-line bills than the ordinary rules of the house would permit. I simply want to register my protest on the ground that the particular measure which we were discussing on October 28, namely, the question of federal aid to education, was in my humble opinion of just as great a public interest as is either of the bills before us, and for which special time is being provided in this resolution.

The second point on which I wish to register my protest is the extent, as has already been said, to which the Minister of Trade and Commerce (Mr. Howe) at least, and today the Prime Minister (Mr. St. Laurent), are placing the whole weight of the government behind these bills through the introduction of the resolution which is now before us.

When this question was under debate, as is recorded on page 1806 of *Hansard*—the quotation has already been placed on *Hansard*—the Minister of Trade and Commerce ended his speech in this way:

> I hope that this house will grant the incorporations.

Mr. Howe: Mr. Speaker, if the hon. member is going to quote the sentence I think he had better quote all of the sentence.

Mr. Noseworthy: If the minister wants the entire sentence quoted I shall do so. It reads as follows:

> Therefore, I hope that these pipe-line bills will be examined and if they are properly sponsored—

I presume there is no question of that.

> —I hope that this house will grant the incorporations.

Which would seem to me to indicate that the government was lending its weight, or at least the Minister of Trade and Commerce was lending the weight and influence of his position, to induce hon. members to vote for these particular bills. The danger that I see is that following the precedent which we shall set today by accepting this resolution, any private bill brought in to this house in future which any cabinet minister wishes to promote may have special time given to it as it is proposed to give these bills. I submit, Mr. Speaker, that if you are going to give special time in this instance then we should carry that rule through and special time should be given to some of these public bills which government members, and in some instances cabinet ministers, have talked out during this session.

Mr. T. L. Church (Broadview): Mr. Speaker, the amendment of the hon. member for Winnipeg North Centre (Mr. Knowles) adds the word "public" to the amendment so that it reads: "Private and public bills." I am opposed to this particular doctrine. I might express my objection in a few minutes. I am opposed to this particular doctrine of interference with the rights of private members by a resolution instead of an amendment to the standing orders. If the motion is not amended private members might just as well go home and allow the cabinet to rule.

This debate today has taken more of the time of the house than has been taken up by the first bill to which objection is taken. I object to anything being done in the house to interfere with the rights, privileges and functions of private members to take part in the debate in accordance with their rights and privileges under the constitution.

Mr. Alistair Stewart (Winnipeg North): There is one matter which I should like to make abundantly clear. We of the C.C.F. do not like this motion at all. We realize that the government has a big enough majority to carry whatever the government wishes to carry. Though we offer an amendment to the motion, thinking that it might make some slight improvement, whether the government accepts our amendment or not we still retain our fundamental objections to the motion. If the amendment is accepted we shall vote against the motion as amended, and if it is not accepted we shall still vote against the motion.

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, I do not intend to labour the matter at all, but I do wish to refer to one fact. The course suggested by the motion amounts to a suspension of the rules. Under standing order 116 a suspension of the rule can only take place in cases of "urgent and pressing necessity".

I have no feelings in regard to the pipe line bill that will go to a committee. But when I find a motion such as this with no

explanation as to any pressing emergency or necessity I wonder whether everything is above the surface as it should be. As I look at the situation I would have thought that the Prime Minister—if ever there was a Prime Minister of our country with a knowledge of the law to equal his, I am not aware of the fact—would have laid a foundation, as he led off on this motion, to let the house and the country know what are the matters of "urgent and pressing necessity" that require a complete change in our rules.

Because of the ruling that you made I find myself, sir, in the position of all those who have preceded me, of being unable to discuss this matter as I should like. With the greatest deference I say this. If the onus is on us to show that there is no urgency or pressing necessity for this, the facts of the bill would have to be discussed in order to show it. You, sir, having so ruled, the discussion as a result becomes more or less theoretical. The only justification advanced was by the Minister of Trade and Commerce, which apparently is that a filibuster has taken place. I have looked up the meaning of filibuster. Filibuster means this: any one or a group who attempt to prevent legislation by prolonged speaking to consume time. Obstruction, of course, is to block and to hinder. How many spoke on this matter? I think the total number who have spoken, including the minister, was seven or eight hon. members. The total discussion on this subject amounted to some two and a half hours. But the Minister of Trade and Commerce, with that peculiar affection for parliament and parliamentary procedure that he has always shown, was fearful that parliament was being circumvented.

He gave the House of Commons an hour of grace on November 15. I have read the reports in the British Journals, and I find no case where at any time any minister, much less a prime minister, became an active proponent of a bill introduced by a private member. What is the reason for this solicitude? No one knows. Why the urgency? Would discussion for a few more days have possibly brought other matters to light? The hon. member for Fraser Valley (Mr. Cruickshank) was one who took a firm stand; was he an obstructionist? Was any speech delivered by any member of the house on this matter other than a fair and proper discussion and an examination of matters deserving to be examined by parliament?

What are we coming to? The hon. member for Winnipeg North Centre (Mr. Knowles) pointed out that there were no precedents for this course in Canada. I ask the Prime Minister when he replies to answer why this rush, why this endeavour to put the matter before a committee and thus deny a legitimate and proper criticism in parliament?

There is more to this than appears upon the surface. The Minister of Trade and Commerce (Mr. Howe) gave the house an hour of grace. His words were these—and he wants them quoted:

> I should like also to say a word about what seems obviously to be a filibuster in connection with these bills. The government will not permit any small number of members to prevent this house as a whole from voting on a private bill.

Where was this small group of members? Members in all parts of the house spoke, seven in all—

Mr. Howe: If my hon. member will count the speeches on both bills I think he will find they ran to fifteen or sixteen.

Mr. Diefenbaker: I am referring to the bill to which the minister referred in the words I have quoted. Yes, that is true; there were speeches on the other bill too. Surely this House of Commons is not to be throttled in order to meet the peculiar wishes of the Minister of Trade and Commerce? That is the issue here.

Nothing surprises me any more after what was revealed in the last few days in connection with the combines report.

Some hon. Members: Order.

Mr. Diefenbaker: Mr. Speaker—"order"—I wait for direction in that connection from Your Honour. Surely I am allowed to refer to that as but another example of playing with parliament by virtue of the fact that the Prime Minister places his weight as Prime Minister, and that of the Minister of Trade and Commerce, behind this resolution.

Mr. Speaker: I hope the hon. member will not pursue the subject of the Combines Investigation Act further at this time.

Mr. Fournier (Hull): It is out of order, Mr. Speaker.

Mr. Diefenbaker: I was discussing it as another example similar to this that occurred within the last few days. In this case parliament refused to follow the direction of the Minister of Trade and Commerce. It did not dance to his dictatorial tune. In effect he ordered the house on November 15 in these words, "you have a few more days, and then this government will see to it that your rights shall be denied."

Sir, this morning the Prime Minister spoke with almost contemptuous disregard of the rights of minorities in parliament. We have a government with an overwhelming majority, supported as it must be by its membership—

for, after all, every government has power over the membership following it to insist upon obedience.

Is there any member supporting the government who dare stand in the House of Commons and show his independence after the Prime Minister and the Minister of Trade and Commerce have thrown themselves wholeheartedly behind this motion? Quintin Hogg in his book on parliament says:

> The rights of minorities and individuals are as indispensable a factor in a democracy as the privileges of an anonymous majority.

I say again that if there was any suggestion of filibustering, then the Prime Minister has his rights in order to prevent such filibustering. He has his rights under the rules. But instead of exercising the rights he possesses under the rules, he decides to change the rules. If there was filibustering the Prime Minister had power to apply closure, as it has been applied in proper cases. Instead of doing that he adopts the backdoor method of introducing an amendment to change the rules for the occasion. Parliamentary rules have stood the test in this country for eighty years, and in the mother of parliaments for two hundred years. It is dangerous to parliamentary government when rules become a monopoly of the Prime Minister and the government to be changed whenever they deem it necessary.

The motion in its present form mutilates parliamentary procedure, and I use those words advisedly. For it places in the hands of the government of this country, supported as it is by an overwhelming majority, the right at any time, at the wish and whim of the Minister of Trade and Commerce—and, as the Minister of Labour (Mr. Mitchell), so often says, I say this in a spirit of kindliness—

Mr. Howe: "In a kindly way"—get it right.

Mr. Diefenbaker: —to circumvent parliament and parliamentary procedure.

Nothing can stop the government from doing what it will with the rules for it is omnipotent. It is omnipotent because of its overwhelming majority. It is omnipotent because of the control the cabinet has over its followers, in that there are two sanctions that can be applied against independence, one being the threat of dissolution and the other the threat of preferment.

I have not spoken on these pipe line bills. The opposition has a right to demand the preservation of the rules of parliament, and not to have them changed at the will of the government. Parliamentary rules are designed to deny the short-cuts in parliamentary procedure which have taken place on a number of recent occasions.

In my opinion the amendment moved by the hon. member for Winnipeg North Centre (Mr. Knowles) does not meet the situation. Proper debate is not filibuster. Indeed, in an important matter that was before parliament some weeks ago, the question of grants for education to the provinces, was talked out by the Prime Minister (Mr. St. Laurent). He spoke on it, no vote, the debate was adjourned, and private members' days were ended. There was no question of a filibuster by the Prime Minister, but that was the effect of what occurred.

I am not interested either directly or indirectly in any of these applicant companies. I have no views with regard to them although I have heard arguments on both sides. I am concerned with this motion which transcends the fortunes of any company, whether any of the principals in that company were interested in Beauharnois or not. This motion is but another example of an arbitrary attitude of mind on the part of this government. The government seems to develop that arbitrary turn of mind from being led or misled by the Minister of Trade and Commerce (Mr. Howe). Throughout the years this attitude has revealed itself, in this case in interference with the rules of parliament and in other cases by circumvention of parliamentary tradition and procedure.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, many hon. gentlemen have spoken of the government's overwhelming majority, and the hon. gentleman who has just sat down has referred to the many occasions when the Minister of Trade and Commerce (Mr. Howe) had circumvented parliament. I can assure hon. members that if the government has an overwhelming majority it is because of the opinion of the people of Canada about the Minister of Trade and Commerce. On every occasion and on every platform where I appeared during the campaign I never failed to pay tribute to the great service that the Minister of Trade and Commerce had rendered to this country and to assert that although the path might not be easy for trade in the months or years to come there was no man in Canada better fitted to guide Canadian trade during that period than the Minister of Trade and Commerce. The response that was made was such that it enables hon. gentlemen who have spoken in this debate to jeer at the fact that the government has an overwhelming majority. They forget that that overwhelming majority was sent here by the electors of this nation.

Mr. Diefenbaker: With a hidden report.

Business of the House

Mr. St. Laurent: The hon. member for Lake Centre (Mr. Diefenbaker) says, "with a hidden report." The hon. member should make a more worthy defence of the position he occupies and not make an insinuation of that kind.

Mr. Diefenbaker: It is not an insinuation, it is the truth.

Mr. St. Laurent: The hon. member knows that there was no hidden report and he knows also that if he had been placed in the position in which the Minister of Justice (Mr. Garson) was placed his conduct would have been similar to that of the Minister of Justice.

Mr. Diefenbaker: There can be no justification to break the law.

Mr. St. Laurent: The hon. member for Lake Centre says that he does not think there is much in this amendment moved by the hon. member for Winnipeg North Centre (Mr. Knowles). The government has no objection to the amendment. Hon. members say that this motion is designed to throttle parliament, but that assertion is ridiculous. All that is being done is to ask that there be more time when hon. members can say whatever they have to say about these bills. It is to remove something which would throttle debate upon them; that is the purpose of the motion before the house.

If the hon. member for Winnipeg North Centre wishes his amendment to pass, I have no objection to it. I do not think that much can be added to what has been said. A certain number of charters for pipe line companies have been granted. I have been told that these charters are regarded as being of considerable value and will be regarded as of greater value if no more are granted. Whether that be so or not, I do not know. I do think that having approved, as we did, of legislation that provides that these incorporations must be by act of parliament, when incorporators apply for an act of parliament they should be given an answer. It is for that reason and that reason only that the motion has been drafted. I do not remember who it was, but I can assure the hon. member who inquired that I drafted the motion myself.

Amendment (Mr. Knowles) negatived.

The house divided on the motion (Mr. St. Laurent) which was agreed to on the following division:

YEAS

Messrs:

Anderson
Applewhaite
Ashbourne
Beaudoin
Belzile
Benidickson
Bennett
Bertrand
Blue
Boisvert
Boivin
Boucher
Bradette
Brisson
Brown (Essex West)
Bruneau
Byrne
Campney
Carroll
Carter
Cavers
Claxton
Cloutier
Cote (Verdun-LaSalle)
Croll
Darroch
Dechene
Decore
Dewar
Dickey
Dion
Douglas
Dumas
Elderkin
Ferrie
Fournier (Hull)
Garson
Gauthier (Lake St. John)
Gauthier (Sudbury)
Gauthier (Lapointe)
Gibson (Hamilton West)
Goode
Gosselin
Gregg
Healy
Hellyer
Henderson
Hetland
Howe
Huffman
Hunter
Isnor
James
Jeffery
Jutras
Kent
Kickham
Kirk (Antigonish-Guysborough)
Kirk (Digby-Yarmouth)
Lafontaine
Laing
Lapointe
Larson
Leger
Little
Macdonald (Edmonton East)
MacDougall
MacKenzie
MacLean (Cape Breton North and Victoria)
MacNaught
McCann
McCusker
McIlraith
McIvor
McLean (Huron-Perth)
Martin
Maybank
Mayhew
Mott
Murray (Oxford)
Murray (Cariboo)
Mutch
Nixon
Pouliot
Proudfoot
Prudham
Richard (Ottawa East)
Riley
Roberge
Robinson
Rooney
St. Laurent
Simmons
Sinclair
Sinnott
Smith (Moose Mountain)
Stick
Stuart (Charlotte)
Studer
Valois
Viau
Ward
Warren
Whiteside
Whitman
Winkler
Winters
Wood—108.

NAYS

Messrs:

Argue
Balcer
Beyerstein
Black (Cumberland)
Blackmore
Blair
Bryce
Catherwood
Charlton
Church
Coldwell
Diefenbaker
Drew
Fair
Fleming
Fraser
Gagnon
Gillis
Green
Hansell
Harkness
Herridge
Higgins
Johnston
Jones
Knight
Knowles
Lennard
Low
Macdonnell (Greenwood)
MacInnis
McGregor
McLure
Murphy
Noseworthy
Pearkes
Quelch
Shaw
Smith (Calgary West)
Stewart (Winnipeg North)
Thatcher
Thomas
Wright—43.

Mr. Homuth: I was paired with the Minister of Labour.

Mr. Cardiff: I was paired. Had I voted, I would have voted against the motion.

Mr. Casselman: I was paired with the hon. member for Portage-Neepawa (Mr. Weir). Had I voted, I would have voted against the motion.

Mr. White (Middlesex East): I was paired with the hon. member for Middlesex West (Mr. McCubbin). Had I voted, I would have voted against the motion.

HOUSING

INCREASED RENTALS—COMMUNICATIONS FROM PROVINCES

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): In the absence of the Minister of Finance, I should like to direct a question to his parliamentary assistant. Have any communications been received from any of the provinces regarding the announcement of rent increases? If so, from which provinces have communications been received, and will copies of that correspondence be supplied?

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): I shall draw the attention of the minister to the hon. member's question when he returns.

INCREASED RENTALS—LIABILITY OF TENANTS TO FURTHER INCREASES ON DECEMBER 15

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): I should like to answer a question asked by the hon. member for Winnipeg North Centre (Mr. Knowles) last Friday. It reads as follows:

Are tenants who have had their rents increased by maximum rental decisions made since the minister made his announcement on November 3 liable to further increases on or after December 15?

The answer is yes. The increases announced by the minister on November 3 would apply to the actual amount of the rent in effect on December 15.

Mr. Knowles: May I ask a supplementary question? Will the parliamentary assistant take up with the minister the possibility of amending the order so as to give some reprieve to those people who have had one increase since November 3, so that any further increase might at least be delayed?

Mr. Sinclair: The only increase which could have been granted since November 3 is a special increase granted as one of the six special classes for which rental increases can be authorized by a decision of the board. There has been no change of policy affecting those increases since November 3 which would make them any different from those which were authorized immediately before November 3.

Mr. Knowles: There may be a difference, but it is still tough on the tenant.

CHINA

QUESTION AS TO RECOGNITION OF COMMUNIST GOVERNMENT

On the orders of the day:

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, in the absence of the Secretary of State for External Affairs (Mr. Pearson), I should like to direct to the Prime Minister a question of which I have not given him notice. I hope it is one which can be answered without formal notice having been extended. Today's press carries reports to the effect that eight nations of the commonwealth agreed last week to recognize the Moscow-dominated communist government of China. Is the Prime Minister in a position to inform the house whether or not that statement is correct? If it is not correct, will there be an opportunity for the house to debate this question before such recognition is extended?

Right Hon. L. S. St. Laurent (Prime Minister): I shall have to make inquiries about that. I must confess I was quite as surprised as the leader of the opposition on hearing such a report over the radio yesterday. No dispatch to that effect has come to my attention. Just as soon as there is any development in that regard, I shall see that the Secretary of State for External Affairs, or the Acting Secretary of State for External Affairs informs the house. So far as I know, the position is as stated by the Secretary of State for External Affairs when he made his address to the house.

TRANS-CANADA HIGHWAY

CORRESPONDENCE WITH PROVINCES AS TO CHOICE OF ROUTE

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): On October 3 an order for return was passed for the correspondence that passed between the dominion and provincial governments relative to the location of the trans-Canada highway. Will the minister say whether or not he is at present in a position, in view of the fact that the debate on this subject will now take place, to table the correspondence requested and directed by that return?

Hon. Robert H. Winters (Minister of Reconstruction and Supply): Mr. Speaker, the reason for not tabling the correspondence is that the permission of all the provinces has

not been forthcoming. If the hon. member wishes to have tabled, up to the date of his motion, the correspondence with the provinces who have registered no objection, I shall be glad to do that this afternoon.

Mr. Diefenbaker: Yes. In addition I should like to know whether any provinces directed the minister not to lay on the table of the house their correspondence as to the location of the route. If so, which provinces did so?

Mr. Winters: There were several provinces which requested us not to table the correspondence between their governments and the federal government. This afternoon I shall table the correspondence I am able to table, and the hon. member will then see which provinces have not given their consent.

IMMIGRATION

TRANSFER OF DEPARTMENTAL PERSONNEL FROM OTTAWA TO MONTREAL AND TORONTO

On the orders of the day:

Mr. G. K. Fraser (Peterborough West): I should like to direct a question to the Minister of Mines and Resources about the transfer of staff in the immigration offices to Montreal and Toronto. I understand that the department pays the cost of moving, but has the department secured houses for these people in Toronto and Montreal? If so, are they Central Mortgage and Housing Company houses?

Mr. Speaker: I do not want to restrict questions unduly, but this question does seem to me to be one which should appear on the order paper.

Mr. Fraser: The staff is being moved before Christmas, which is only a month away. If I put the question on the order paper, I shall not get an answer in time.

Mr. Speaker: It seems to me that if notice were given the question would appear on the order paper within forty-eight hours and an answer could be given.

Mr. Fraser: I put a question on the order paper on September 27, and I only received an answer the other day. I shall expect the answer to this question after Christmas.

May I ask the Minister of Reconstruction and Supply whether the Central Mortgage and Housing Corporation are supplying houses to the Department of Mines and Resources for the immigration staff in Montreal and Toronto?

Hon. Robert H. Winters (Minister of Reconstruction and Supply): I will take the question as notice.

[Mr. Winters.]

INQUIRY FOR RETURN

COMBINES INVESTIGATION ACT—FLOUR MILLING INDUSTRY—PRICE FIXING AGREEMENTS

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): In view of the fact that amendments to the Combines Investigation Act may come up shortly, can the Minister of Justice tell me when we may expect a return dealing with the alleged assurances given by the wartime prices and trade board to the milling industry?

Hon. Stuart S. Garson (Minister of Justice): We hope we can get it ready for tomorrow. I may say that the difficulty there is that my hon. friend, in his address, mentioned any assurances that had been given by any wartime prices and trade board officials. To go back through the extremely voluminous files of the wartime prices and trade board and to make sure that the ones which are produced are all that were given is an extremely difficult task. I am afraid that in the end, though we shall try to bring down what my hon. friend wants, we shall have to assure him that it is quite impossible for us to say that what we bring down is all that any official has ever given.

Mr. Coldwell: May I say that I shall be quite satisfied if the minister produces assurances from Mr. Donald Gordon and from Mr. Taylor.

Mr. Garson: I thought that was what my hon. friend wanted, but that was not what his address for an order of the house said.

NATIONAL DEFENCE

R.C.A.F.—REMOVAL OF NO. 10 REPAIR DEPOT FROM CALGARY

On the orders of the day:

Mr. D. S. Harkness (Calgary East): I should like to address a question to the Minister of National Defence. Has the Department of National Defence adopted a plan to move No. 10 repair depot, R.C.A.F., from Calgary? If so, what are the reasons for this action?

Some hon. Members: Order paper.

Mr. Speaker: That also seems to be a question for the order paper.

Mr. Harkness: The minister is ready to answer it.

Mr. Speaker: The hon. member says that the minister is prepared to answer it. I think that at times ministers have answered questions which should have been put on the order paper. Even if ministers are prepared to answer, I must remind hon. members, including the ministers, that only questions which are urgent should be asked or answered on the orders of the day.

PUBLIC ACCOUNTS

INQUIRY AS TO DISTRIBUTION

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): May I direct this question to the parliamentary assistant to the Minister of Finance, in the absence of the minister? When will he be in a position to make available for distribution copies of the public accounts? The public accounts were tabled three weeks ago today, and at that time the parliamentary assistant said that they would be available for distribution within a few days. That was on October 31.

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): That was the understanding at that time, because they were in the hands of the king's printer. I shall make inquiries and give an answer tomorrow.

TRANS-CANADA HIGHWAY

PROVISION FOR FEDERAL CONTRIBUTIONS TO PROVINCES

Hon. Robert H. Winters (Minister of Reconstruction and Supply) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to encourage and assist in the construction of a trans-Canada highway and to provide for this purpose that the Minister of Reconstruction and Supply may enter into agreements with any provinces providing for the payment by Canada to those provinces of contributions in respect of the cost of a trans-Canada highway; with provision also for the employment of temporary engineers, technical officers and other employees for the purpose of the act.

Mr. Green: Is the minister going to make a statement?

Mr. Winters: I have a short statement. I could make it in committee.

Mr. Green: We should like to have it now.

Mr. Coldwell: Make it now.

Mr. Winters: Before I make my statement on this resolution, Mr. Speaker, I should like to refer to the notice of motion for the production of papers, in *Votes and Proceedings* No. 4 of September 20, standing in the name of the hon. member for Lake Centre, and I should like to table the correspondence with those provinces which have registered no objection.

This resolution deals with a proposal to provide assistance to provincial governments toward the completion of a trans-Canada highway. This project is one for which there has been a popular demand and an increasing need. It is now timely to bring the project to realization.

Trans-Canada Highway

Since the termination in 1927 of federal assistance under the Highways Act, 1919, aid given by the federal government to provinces for highway construction has amounted to $28,650,000. This aid was extended during the years 1931-1939 for the purpose of relieving unemployment, and was largely spent on portions of a contemplated trans-Canada route.

Most provincial governments would have great difficulty in assuming alone the financial burden of completing a trans-Canada route to adequate standards, in addition to the demand for annual outlays covering capital expenditures and maintenance costs on their over-all highway systems. Under the circumstances, and because such a highway will have some national complexion, assistance from the federal government appears warranted.

When completed, the interprovincial or trans-Canada route of approximately 5,000 miles should assist in the development of trade and of natural resources, as well as our tourist industry.

Though first conceived as a direct link for through highway traffic between Halifax and Vancouver, it is now contemplated that the highway will extend beyond the Canadian mainland, on to Vancouver island, Cape Breton island, and the insular provinces of Prince Edward Island and Newfoundland. Thus it would become a joint project with a portion of it in each of the ten provinces.

The federal government's concept of the highway is not that of a superhighway for high-speed traffic from coast to coast. It is rather that of a first-class, hard-surfaced road which should follow the shortest practical east-west route across Canada and through each of the provinces, consistent with the needs of the provinces and of Canada as a whole.

The highway, excepting those portions in national parks, when completed would remain, in each of the provinces, the property and responsibility of the province. The federal government's purpose is to encourage and assist the provinces in the construction and completion of the project.

A federal-provincial conference was held in Ottawa on December 14 and 15, 1948, to discuss problems related to a trans-Canada highway. At that time the provinces indicated in a broad, general sense that they favoured the project.

As a preliminary step toward the enactment of enabling legislation a resolution was placed on the order paper during the fifth session of the 20th parliament. However, since all provinces had not formally indicated

their desire to proceed with the project by the time parliament was dissolved, the resolution was not proceeded with.

Considerable progress has been made during recent months in analysing provincial estimates of costs, studying procedure for determining completion costs, evaluating past expenditures, discussing technical details with provincial authorities, seeking agreement on matters of policy, and preparing the ground generally for introduction of a bill into the House of Commons and the signing of agreements with the provinces which would follow in due course.

Early in September I forwarded letters to the ministers responsible for highways in each province, seeking agreement on broad questions of policy which might ultimately form the bases of agreements. Replies indicating agreement on principles have been received from nearly all provinces. Concurrence of others in a general way has been indicated verbally. Some technical details remain to be worked out between the federal and provincial governments, and specific routes remain to be defined by formal agreement.

It is at present possible to travel the 4,200 odd miles between Halifax and Vancouver by road on Canadian soil, though not in comfort throughout the length of it. Only some 60 per cent of the total mileage is paved, and much of this paving is of low standard. Legislation will therefore be placed before parliament seeking to enable the federal government to enter into agreements with the provinces for sharing the cost of construction of a hard-surfaced, all-Canadian, interprovincial or trans-Canada highway.

Mr. Drew: Mr. Speaker, before making any remarks in regard to this may I ask this question? Is the minister prepared to indicate what percentage of the cost the dominion government contemplates assuming?

Mr. Winters: Yes, Mr. Speaker. That information is in the bill. On the resolution stage I do not know how much you, sir, wish us to debate. I think I can tell the house, though, that the federal government contemplates paying fifty per cent of the cost of building the highway.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, that information is the key information to any discussion of this subject, because the simple truth is that the decision by the dominion government to assume fifty per cent of the cost means that it is an utter impossibility for a number of the provinces to proceed with the effective construction of a trans-Canada highway.

Mr. Winters: They have not said so.

[Mr. Winters.]

Mr. Drew: Mr. Speaker, I happen to know something of the discussions that have taken place from the other point of view. I know that the discussions that have taken place in the past in regard to the trans-Canada highway have been characterized by the absence of any practical approach to this problem, which really meant that, unless a great deal has happened in the past year, they are very far from any understanding of what the problem really is.

The conference that was referred to as having taken place here last December was not a conference which did more than conduct a general discussion of this subject. When we discuss the construction of a trans-Canada highway it is highly desirable that we recognize that the first step toward the successful decision as to the carrying out of a project of this kind is an agreement between the dominion and the provincial governments as to the satisfactory procedure by which the highway will be built and the satisfactory method for determining the route of the highway right across the country and a practical method for financing the cost of the construction of that highway when the other details have been completed.

I wish to make it clear that when I said that the assumption of fifty per cent of the cost will not settle the problem I was making that statement subject to the reservation that it applies only to the extent that the provinces are bound in their financial capacity by the present financial agreements that they have with the dominion government. It is all very well for the minister to smile in regard to that, but the fact that this rather important consideration is ignored in the discussion of these subjects simply indicates a failure to recognize what the basic problem of the provinces really is today in regard to the assumption of any new responsibilities for education, for the construction of highways, or for any other great activity of this kind.

As it stands at the moment, outside of provinces which happen to have found themselves in a particularly favourable position as a result of some unexpected events, the provinces which accepted a certain fixed payment for the term of an agreement in exchange for certain taxing powers have indicated that they are having considerable difficulty already with some of their financial problems. They have indicated that very clearly by the proposals that are being made for financial support of various kinds. For that reason I do suggest that in the discussion of this subject we shall not be satisfied merely to express approval of the construction of a trans-Canada highway, but that there shall

be assurance of these practical steps being taken which will really result in the construction of a trans-Canada highway.

In view of the fact that the correspondence has been tabled only this afternoon it is obvious that no hon. member is in a position to express the views that have been set out by the provincial governments in the correspondence. I will not attempt to guess what views have been expressed. Nor have we been informed yet as to which provinces have not expressed approval of the general plans or what objections have been raised. But I should like to review the general situation and what is essential to make the bill effective no matter what provisions it contains.

There is not a single member in this house who by now can fail to have been impressed with the fact that the people of Canada generally are in favour of having a trans-Canada highway which will make it possible for Canadians, or those visiting Canada, to travel by modern standards of comfort from one side of this country to the other. This is something more than mere comfort. Today the various types of vehicles that are available for highway transport are making possible a highly important means of distributing supplies, and are making it more satisfactory for the farmers and other producers to get their products to the markets.

To avail ourselves, however, of the advantages that are made available in this way it is essential that we have highways with surfaces that are suited to that type of vehicle. When the minister speaks of 60 per cent of the trans-Canada highway being paved, I think that a definition of the word "paved" will enter into a discussion of that kind, because I am inclined to think that by what is at present regarded as a modern standard of pavement on any route that could be regarded as a trans-Canada route 20 per cent would be a very high estimate indeed. In fact for a very considerable part of the route I do not know how the minister is able to determine what percentage has been paved because from Winnipeg to Vancouver I had thought there was still a very considerable amount of doubt as to which route was going to be followed. Consequently no estimate within that area could be effective without some determination of which route was to be followed so that such paving as had been done might be regarded as part of this plan or otherwise.

Nor is it only between Winnipeg and Vancouver that there is any doubt as to the route of the highway. There is very considerable doubt about a longer stretch of the highway through Ontario, and I understand also in the province of Quebec and in the maritime provinces as well. Most of the highway construction in Newfoundland will be new construction entirely except that part of the highway that runs northwest from St. John's. All this brings us to the fact that enabling legislation is something put on the statute books which has very little effect until the preliminary steps have been taken to find the key which will unlock this very real problem that is surrounded by so many difficulties.

With the agreement that there should be a highway, there is also very real disagreement in certain parts of the country as to where that highway should go. I know we are not going to settle it here. The one thing we should not attempt to do would be to settle it here, because any disposition to reach decisions in advance would be the very thing which would commit a number of people in the different provinces who hold very strong and sincere views to adhere to those views in advance of a decision being reached.

I think we must recognize first of all that the construction of highways has been under provincial authorities ever since this type of construction has been undertaken. Certain special work has been done from time to time by agencies of the dominion government; but on the whole this work is something that has been entirely under provincial governments. They have their departments of highways skilled in this work, with very considerable experience, and they are in a position to undertake whatever task of this kind may be imposed upon them.

The minister has said he does not think this should be a superhighway. That again is one of those things that must be decided as a matter of over-all policy before any decision made in the house can be effected. It may be that different standards of highway construction will be best suited to different parts of Canada. But that should be part of a generally settled over-all plan embracing the whole of the country, and acceptable to those provincial governments which will be carrying out the work.

Then again there should be a clearly defined procedure as to how the route will be chosen, and that is going to be one of the difficult problems to be faced. It is a problem which will call for the highest degree of co-operation and of recognition of the local views held in regard to the matter. I said the other day, and I repeat, that the minister charged with the responsibility of this legislation has indicated a very real desire to meet the provincial governments in matters of this kind. But may I say, from some experience on the other side of this general problem, that the construction of this great highway will be

held back rather than advanced unless there is a real conference between dominion and provincial representatives not only in regard to the construction of the highway but in regard to the manner in which this and similar undertakings by the provinces are to be financed.

It is all very well to say that the dominion government will help the provinces to do this or that. New undertakings by the provinces in any of these important fields involve financial undertakings which at the present time they are not in a position to assume, unless they know where the additional revenue is to come from. For that very reason there is a related problem which should be considered at the same time, and which indicates the need for a very clear understanding of the financial relationship between the different governments.

Take for instance the case of Newfoundland. An offer to assume 50 per cent of the cost of construction of a highway in Newfoundland at the present time is not going to meet their problem, unless there is a clear understanding as to the type of highway involved, how it is to be built and what it is going to cost, because my own expectation would be that the cost of a highway of the type most people have in mind across Newfoundland at the present time would reach a figure that would impose far too severe a burden on the Newfoundland government if it were called upon to pay 50 per cent of the cost of such a highway.

There is another question which should be carefully examined when approaching this problem. Some provinces have already carried forward extensive highway construction which might be embraced in a trans-Canada highway. Certainly a formula will be necessary to determine how that will be regarded in relation to the construction of the whole highway across the country. Are those provinces which already have built sections of hard-surfaced modern highway along routes which can be regarded as trans-Canada routes to be given credit for that construction?

This would have to be known before an estimate could be made of what the cost to any province would be. Then also there are certain provinces which have a very special problem. Undoubtedly British Columbia with its great mountain ranges has a more severe task in the construction of a trans-Canada highway over its provincial route than would be so in respect of those provinces with less formidable natural barriers.

It will be necessary not only to surface the highway but to do a great deal of blasting and ballasting, and to erect protective construction so as to make a highway of the type people have in mind, suitable for heavy and fast traffic through the mountains.

Then there is the decision as to whether in the long stretches through northern Ontario and Quebec the highway should follow existing routes, or should follow some route that would have relationship to the strategic aspects of the highway. Certainly the construction of a highway of this kind will be related to our general strategic plans for the use of our raw materials in the event of the necessity arising of using them for defence purposes. All these things enter into the problem of determining the formula by which the route will be decided, as to how the cost will be divided, and the type of highway that will be suitable over any particular stretch of country.

I would emphasize the point that there may well be stretches of highway which would be adequate to carry ordinary traffic in normal times, but which nevertheless may pass through areas where the possible need of a wide and heavily constructed highway for the carriage of heavy freight would of necessity become part of the consideration in the building of such a highway.

For all these reasons I strongly urge that, instead of carrying on negotiations by letter, the governments should be brought together so that around the table they may examine these problems and decide upon a formula which will really work.

We have been discussing other problems associated with western Canada and every one of us knows that one of the real problems to be dealt with in going ahead with the construction of this highway is the manner in which the route through Alberta and British Columbia is to be determined. There are at least three routes that have most vigorous support, and behind the support for each of those routes are strong arguments that have been presented vigorously. I should imagine we all hope that within the lifetime of many or most of us a modern highway will follow each of those routes, but in the meantime, within the means available, a decision must be made as to one route.

The decision as to the route through Alberta and British Columbia will determine the route from Winnipeg through western Canada. If it is to be by one route, it will follow one course shortly after the highway leaves Winnipeg; if it is to be by another route, it will follow another course. Therefore the setting up of some effective mechanism to make a decision in regard to this

particularly important problem is an essential part of any advance that is made in this extremely vital undertaking.

I have said already that this problem is not one which is met only in western Canada. The problem is met in Ontario, in Quebec and in certain parts of the maritime provinces, although the lengths involved are perhaps not as considerable as those involved in western Canada.

This does call for a display of co-operation of very high order. I think it must have impressed the minister, and I know it has impressed others who have read the briefs that have been put forward, that those who have put forward arguments in regard to one route or another have all made it clear that their main concern is to see a trans-Canada highway built. They are advocating a particular route and undoubtedly will continue to press their point of view until a decision is made. My feeling is that the sooner the dominion government and the ten provincial governments can get together and reach agreement as to the formula, the more hope there will be of making these decisions upon which the completion of this great highway must depend. The longer the decision in regard to that formula is deferred, the more appeals to local loyalties will be effective in establishing a strong opinion in regard to one route or the other. In the very nature of activities of that kind certain loyalties to a particular idea become firmly embedded and it is then more difficult to reach a satisfactory decision in regard to a matter of this kind.

There are many hon. members who feel that there is a too frequent reference to the need of a general dominion-provincial conference, but I submit that until there is a general dominion-provincial conference to settle the vital questions of the allocation of responsibilities and of taxing powers in the wider fields, an attempt to reach satisfactory conclusions in regard to some of these problems is simply hopeless. I repeat that unless some decision is reached as to the way in which the provinces are going to have assured sources of revenue other than those which they now have, an offer by the dominion government to assume fifty per cent of the cost of constructing a trans-Canada highway will simply mean that the construction of that highway will be delayed for a long time.

There are some provinces which could not under their existing financial arrangements today assume the additional cost that would be involved in this great undertaking. Therefore, as we deal with this particular problem that all of us want to see solved, I again urge upon the government the necessity of reaching at an early date an understanding with all provincial governments as to how their financial responsibilities in the broad administrative and legislative fields are going to be divided and how they are going to be carried out. Without that, this problem, along with a number of other things, will be delayed for some considerable time no matter how keen the desire of the minister or of any hon. member may be to see them brought to an early result.

Let us not forget that this is an expenditure which will bring great returns to Canada. In addition to the strategic aspect, with which the dominion government is particularly concerned, a satisfactory trans-Canada highway with a good surface across the whole country will facilitate the distribution of products of all kinds as well as provide an opportunity to Canadians to move back and forth. In addition it will make it possible for our friends from the United States to take increasing advantage of the tourist facilities we have and it will afford us an opportunity of receiving from them an increasing number of the dollars which they bring with them.

Throughout all time the existence of modern highways has been one of the evidences of national development. The observations I have made have been made in the hope that effective steps will be taken at an early date to give to this country as suitable transportation on the ground as we have today by rail and air. We should not be satisfied in Canada until we have a highway that makes it possible for us to make use of the most modern means of transportation to go from one side of Canada to the other.

Mr. H. R. Argue (Assiniboia): Mr. Speaker, my first word in this debate will be one of approbation of the resolution presented to the house by the minister. The time has long since passed when the federal government should accept some responsibility in the building of a trans-Canada highway. Long years ago the fathers of confederation decided that it was necessary for the future development of Canada that there should be a link from one coast to the other by means of a trans-Canada railroad. We have long needed a trans-Canada highway to link by this new means the people from one coast to the other.

For more than thirty years the automobile has been in popular use. We have seen automotive transportation increase in popularity until today a large part of our freight is carried by trucks travelling on our highways. Increasing numbers of people are using the automobile as a means of transportation and communication. The fathers of confederation

realized that the building of a railroad was a national responsibility. I believe the government should realize that the building of a trans-Canada highway is also a national responsibility. We all realize that one of the important problems facing Canada today, as it faces almost every other nation in the world, is that of increasing our earnings of United States dollars. Coupled with that, we must seek every means possible to conserve our supply of United States dollars, and use our American dollars to the best possible national advantage.

We boast, and I think rightly so, that Canada's tourist attractions are the best in the world. We know that every year hundreds of thousands of our friends from the United States visit Canada because of these attractions with the result that the dollars spent by United States tourists in Canada have increased to the point where the amount earned from that source compares favourably with earnings from the export of wheat, newsprint, timber and other commodities. In 1948 United States tourists spent $270 million in Canada. I believe if we had a proper trans-Canada highway the amount of money spent by American tourists would be greatly increased. At the same time there are large sums of money spent by Canadians travelling in the United States. We all know that if we want to make a journey from one point in Canada to another point a long distance removed, invariably the first thing we do is to go south into the United States as quickly as possible so that we may travel on their efficient highway system with speed and comfort. We remain on the United States roads as long as we can, and when we reach a point approximately due south of our Canadian destination we swing north and proceed to our destination from there. Not having an adequate trans-Canada highway, many Canadians are virtually forced to go through the United States and use their highway system.

The same thing is true when United States tourists visit Canada. If they desire to make a long journey from one Canadian point to another, they must go back home and use their own highways because our highways across Canada are almost intolerable. If we can judge from statistics that are made available from time to time, our United States dollar position is worsening. If we do not soon do something along the line of building a trans-Canada highway in order to improve our dollar position with the United States, we are going to have to adopt other measures that will not be nearly as palatable. I should like to point out that in the first eight months of 1949 the number of Canadian automobiles entering the United States for a period of twenty-four hours or less increased by 26 per cent, and the number entering the United States for a period of more than twenty-four hours increased by 69 per cent. Therefore we see a growing demand on the part of Canadians for United States dollars for the purpose of travelling in the United States.

I say again that the building of a trans-Canada highway is important first of all to increase our earnings of United States dollars by means of greater tourist traffic created by United States citizens visiting Canada, and secondly to decrease the necessity for Canadians to travel through the United States to reach an ultimate Canadian destination. Many Canadians now do so merely because there is not a modern trans-Canada highway.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Argue: Mr. Speaker, when the house rose at six o'clock I was dealing with the assistance that the construction of the trans-Canada highway would be, in solving our shortage of American dollars. I had pointed out that the dollar problem was a national problem and, since the trans-Canada highway would help solve that problem, it should be a national undertaking. One is tempted in this debate to state one's own position as to the route which should be followed. But I should like to point out at this time that the house is not going to decide the route of the trans-Canada highway. I think the minister would be wise to take the best engineering advice he can obtain and, in consultation with the provinces, reach an agreement as to the route the trans-Canada highway should follow.

From reading the correspondence between the minister and the government of Saskatchewan, and from statements made by the Saskatchewan minister of highways in the provincial legislature, I learn that it was generally understood at the December conference with the provinces that the trans-Canada highway was to be a four-lane highway and that the federal government's contribution towards building that highway would be much above 50 per cent. When the minister informed the house that the federal contribution would not be greater than 50 per cent, then it followed that we must be satisfied with a two-lane highway. A two-lane highway may be sufficient to meet traffic requirements in many parts of Canada, but wherever traffic is dense a four-lane highway would be required.

In the formula that the minister has proposed, no consideration has been given to the difference in construction costs in various regions. I have in front of me the figures given by the minister of highways of the province of Saskatchewan in a speech he delivered in the Saskatchewan legislature last March outlining the costs of the trans-Canada highway within the different provinces. The minister pointed out that these costs were highly tentative and had arisen from consultation with the other provinces. In any case, I believe that this outline of the expenditures that construction will entail in the various provinces will demonstrate that the cost of building the trans-Canada highway will certainly not be equitable as between provinces.

For instance, the trans-Canada highway within the province of British Columbia will cost $40 million; in Alberta, $13 million; in Saskatchewan, $18 million; in Manitoba, $17 million; in Ontario, $103 million; in Quebec, $27 million; in New Brunswick, $7 million; in Nova Scotia, $36,500,000; in Prince Edward Island, $4,700,000. On the basis of those estimates, I have divided the provincial contribution by the population in the various provinces as of 1948. I find that the per capita costs for the provinces are as follows: Nova Scotia, $28.70; Prince Edward Island, $25.20; British Columbia, $18.50; Ontario, $12; Manitoba, $11.20; Saskatchewan, $10.50; Alberta, $7.60; New Brunswick, $7 and Quebec, $3.50. We have a range of costs as between the various provinces running from a high of $28.70 per capita in Nova Scotia down to $3.50 per capita in the province of Quebec. The taxpayers of Canada are going to build this highway, no matter whether the money is taken from provincial sources or federal sources. In my opinion the only way the burden can be equitably distributed is for the federal government to assume the whole of the cost.

Under this formula by means of which the federal government says it will pay 50 per cent of the cost, no consideration is given to the high cost of construction through the mountains of British Columbia or the high cost of construction in the northern portion of the province of Ontario. This formula gives no consideration to the over-all needs of each province for an adequate highway system within the province. For instance, perhaps the government of Ontario might not desire to spend millions of dollars building a trans-Canada highway through the northern portion of the province, when highways in the more densely populated areas of Ontario might be urgently needed.

Trans-Canada Highway

In the province of Saskatchewan a large part of the trans-Canada highway will be of little service to residents of Saskatchewan as a whole. The expenditure of large sums of money by the province of Saskatchewan towards paving that section of the highway within our province could result in some other area having to go without needed highway service. In the province of Saskatchewan we would experience great difficulty in paving all of the highways. What we are hoping to do is to increase the number of miles of highway that will be graded and gravelled. By this means the farmer can get out of the mud in the summertime, and can travel on snow-free road through most of the winter. If provincial funds are tied up to a large extent in paving a road across the province, it may mean that other parts of the province will not get even a gravel road.

The 50 per cent formula does not take into consideration the total road mileage within each province. For example, the province of Manitoba, according to the Canada Year Book for 1948, has 91,354 miles of road; the province of Ontario has 73,001. There are almost 20,000 more miles of highway in the province of Manitoba than in the province of Ontario. The province of Alberta has 80,525 miles of roads, whereas the province of Quebec has only 40,329 miles. Thus the province of Alberta has twice as many miles of road as the province of Quebec. The province of Saskatchewan has 212,978 miles of road. Our province with 7 per cent of the population of Canada, has 38 per cent of the total road mileage in the country. The province of Saskatchewan has three times as many miles of road as the province of Ontario and five times as many miles of road as the province of Quebec.

When the minister presents to this house and to the provinces a formula for building the trans-Canada highway under which the federal government will pay only 50 per cent of the cost, then he fails to take into account the over-all needs of the various provinces. Some provinces may find it impossible to go ahead with the construction of the trans-Canada highway, except at the expense of other areas within the province. I wish the proposals made by the government today had been made before the general election, because some ministers took the opportunity to misrepresent the position of some of the provinces. For example, the Minister of Agriculture, as quoted by the *Leader-Post* of June 27, had this to say at Indian Head:

> Refusal of the Saskatchewan C.C.F. government to pay its share of the trans-Canada highway is one of the reasons for delay in finalizing plans for its construction, Agriculture Minister Gardiner told a political meeting here Friday night.

Trans-Canada Highway

He said the dominion government proposed the highway be financed on a 50-50 basis and all provinces from whom replies have been received agreed to pay 50 per cent of the cost in each province.

I should like to quote from a letter written by the minister of highways for Saskatchewan to Hon. James A. MacKinnon, the then minister of mines and resources, on January 14. The letter says in part:

With reference to item eight,—

Which was asking for technical information.

——I am enclosing a copy of the minimum standard agreed upon by the four western provinces. I may state, however, that when this matter was discussed, it was generally understood the federal government would be prepared to accept responsibility for 100 per cent of the construction cost of this road. I note from a press report from Edmonton you are credited with a statement suggesting that your government is considering assistance only to the extent of 50 per cent of the entire cost. . . .

As it is desirable both from the viewpoint of your government and of ours that work on a trans-Canada highway be commenced as early as possible in 1949, I would respectfully ask that the responsibility for construction costs of this route be finalized as early as possible, in order that the necessary provision may be made in our construction program for this coming season.

The minister of highways in Saskatchewan in that letter accused the federal government of backtracking from the position taken at the conference in December. Throughout the whole file of correspondence—that was brought down as an order for return requested by the hon. member for Rosetown-Biggar (Mr. Coldwell)—between the present minister and the Saskatchewan government, and between the former minister under whose department was placed the matter of a trans-Canada highway, nowhere was there a denial that the federal government had not taken the position in December that it would be prepared to pay 100 per cent of the cost. Certainly, if this government had not led the province to believe that it would be prepared to pay the total cost, it would have denied that statement of the minister of highways in Saskatchewan, particularly when the government was going to the country in a general election within a few weeks.

The Minister of Agriculture (Mr. Gardiner) made the statement that Saskatchewan had not agreed to go ahead with the program on a certain basis and that was one of the reasons why the project had not been undertaken. I want to quote from a letter written on April 7 by the present Minister of Reconstruction and Supply (Mr. Winters) to Hon. J. T. Douglas, minister of highways in Saskatchewan. I should like to read the second paragraph, which is as follows:

It seems clear from the helpful attitude you adopted at the conference, and from subsequent correspondence, that you are anxious to proceed at an early date.

[Mr. Argue.]

Hence during the election campaign the Minister of Agriculture, in my opinion, was attempting to mislead the audience to whom he was talking. The Minister of Reconstruction and Supply himself, who had to deal with this matter, made the statement in writing that the government of Saskatchewan had indeed adopted a very helpful attitude.

There are other letters in that file, written by the Hon. J. T. Douglas in which he repeatedly asks the federal government to finalize its plans so that the province of Saskatchewan could begin the construction of the Saskatchewan section of the trans-Canada highway within the year 1949.

I have already said that the present formula does not meet the needs of the provinces, that the formula will result in some provinces being called upon to shoulder a very high part of the cost; and the formula does not take into consideration the necessity of large expenditures within the various provinces for a provincial highway system that will meet the needs of the people within those provinces.

I think the Minister of Reconstruction and Supply and the government could learn a great deal from the highway program adopted by the United States federal government. We all know that the United States system of highways is the best in the world. As far back as 1912 the federal government of the United States undertook a program of federal grants for the construction of roads throughout the country. Hence when this government decides to pay some money for the construction of a trans-Canada highway it is just thirty-seven years behind the United States in that regard.

In 1916 there was appropriated from the federal treasury in the United States $75 million for the construction of highways over a five-year period. In 1922 there was appropriated another $75 million. In the following years, from 1922 up until the period of the war, the federal government in the United States contributed to the states for building of highways the sum of $1,190 million. Towards the end of the war, in 1944, the federal government in the United States allocated $500 million a year for the next three years to be spent on the building of highways. I want to point out that contributions coming from the federal government of the United States are not paid to the state governments merely for the construction of interstate highways, but that money is paid from the federal treasury in the United States to the various state governments for the construction of feeder highways, secondary and farm-to-market roads,

school bus roads and rural mail delivery roads. Part of the construction cost of almost any road of any consequence whatever built in the United States at the present time is paid by the federal government.

The United States government divides its money in this way. It takes the $500 million and it says that two and a half per cent of that sum will be used for administration expenses. Then it takes the balance and divides it into three equal parts. The first part is divided among the states in proportion to their population; the second part is divided among the states according to the area of each; and the third part is divided among the states according to the total road mileage within each one. That formula was adopted by the United States government in 1916 and has never been changed. That formula worked in the United States because, by means of it, they were able to build an excellent highway system throughout all parts of their country.

The state highway system in the United States reaches forty-two of the 48 state capitals. It reaches 182 of the 199 cities with more than 50,000 population. And in addition to the interstate highway, federal contributions are made for the construction of secondary and farm-to-market roads. On top of payments for the construction of these roads a large contribution is made by the federal government in the United States toward the construction of highways within urban areas. If the government of Canada would spend as much per capita on the building of roads as is spent in the United States we would spend in each year $20,250,000 on federal aid to a federal highway system; $13,500,000 on federal aid to the construction of secondary or farm-to-market roads; and $11,250,000 on federal aid for the construction of highways within the large urban centres. The American formula has brought results. Under the Canadian formula if you take the highest possible cost for building a road through the province of Saskatchewan, Saskatchewan will not obtain any more than $1,285,700 a year from this government over a period of seven years.

If we take the state of Montana, immediately south of the province of Saskatchewan, we find that that state is much smaller in area than the province of Saskatchewan. Montana has 300,000 fewer people than the province of Saskatchewan. Yet in the year ended June 30, 1948, the state of Montana obtained $10,586,873 for its highway program from the United States federal government, eight times as much money as the province of Saskatchewan can possibly get from the legislation that is being presented to the house. The state of North Dakota got six times as much as the province of Saskatchewan can hope to get under this legislation within the same period, namely, $7,271.913.

One of the important aspects of the program for road construction in the United States is directed toward making the highway system available to as many farms and rural communities as possible. I should like to quote one short paragraph from a publication of the public roads administration in Washington. It says this in relation to the highway program followed by the state of Texas in co-operation with the United States federal government:

> Texas has been conspicuous for its speed and vigour in building secondary roads. Many of the farmers along the twenty-mile project in Armstrong and Randall counties had the contractor build spurs to their homes and barns. One farmer paid $900 for his driveway, saying: "The road doesn't help you if you can't get to it." The Texas state highway department estimates that its secondary system, when added to the primary highways, will place 74 per cent of all rural homes within two miles of a surfaced road and 62 per cent within one mile.

That is what has been accomplished in the state of Texas through the federal formula used in the United States. Under the formula presented to this house this afternoon by the minister not one dollar of federal moneys will be used for the construction of secondary or farm-to-market roads. Therefore I say that while we welcome any contribution that the government may make toward the building of a trans-Canada highway, the contribution that the government has in mind in this respect falls far short indeed of the amount necessary to build a highway system to adequately serve all parts and all communities of Canada.

I wonder whether the government is seriously interested in proceeding with even paying 50 per cent of the cost of a trans-Canada highway. The Minister of Finance (Mr. Abbott) made a statement during this session and I wish the Minister of Reconstruction and Supply (Mr. Winters) would find out from him for me what he meant when he made that statement. The statement was in reference to the building of a trans-Canada highway. He said that the magnitude and timing of works on the trans-Canada highway would depend upon the general rate of economic activity in Canada. I should like to ask the minister whether work on the trans-Canada highway is to be tied to the government's theory of cyclical budgeting. I should like to quote what I think is a most important paragraph in the circular sent out by the minister to the various provinces, or at any rate in the letter to the province of Saskatchewan, on September 2 of this year,

outlining the federal government's proposal. I wish that paragraph had not appeared. The paragraph reads as follows:

> The federal government's contribution is being made by reason of the national aspect of the project and its participation is, of necessity, contingent upon all provinces entering into agreements with the federal government.

Is the minister going to place in the hands of each province of Canada the right to veto the construction of the trans-Canada highway?

Mr. Speaker: Order. I must inform the hon. member that his time has expired.

Some hon. Members: Continue.

Mr. Argue: I have one more question and I shall sit down. I should like to ask the minister whether he is going to place in the hands of Premier Duplessis of Quebec for example the power to veto the construction of the trans-Canada highway. Some provinces may not find it possible to raise their 50 per cent of the construction cost. It may be too great a burden for their provincial treasuries. If some provinces cannot afford to build the road, is the minister going to hold up the federal government's contribution toward the building of the highway within those provinces that wish to undertake its construction?

In conclusion I urge the minister, when he brings in the bill, if he can get his colleagues in the cabinet to agree, to increase the federal contribution much above 50 per cent; and, if not at this session at a later session, bring in a program whereby federal contributions will be made to the provinces in order that feeder roads can be built, so that all Canadians irrespective of the province in which they reside, and irrespective of the region in which they reside, will be within reasonable proximity to a decent highway.

Mr. Solon E. Low (Peace River): Mr. Speaker, it is in many ways, I think, a tragedy that Canada has not yet provided for her people at least one trans-Canada or trans-continental highway. I submit that our failure in this respect casts a serious reflection on our vision. I believe it also reflects on our enterprise and on our leadership, but most of all on our interest in the development of our own country.

The resolution that is now under consideration is, I submit, twenty-five or thirty years too late. In this respect the trans-Canada highway is in much the same position as Canada's utilization of international waters for irrigation purposes. We have neglected to take aggressive action in this regard to secure to future generations in Canada their rightful proportion of those waters by putting it to use, until we are now in a difficult position with respect thereto. I say, sir, that we are also in a parallel position with regard to a national policy for making Canada as nearly self-sufficient as she can be in the essentials of living, and as a result we are lagging along utterly dependent upon other countries for a good many of the things that we ought to be producing for ourselves.

This is a dangerous position to be in at a time like this. The chief cause of all of these conditions is lack of vision, lack of leadership. I do not need to remind hon. members that where there is no vision the people perish. The Liberal party must bear the major responsibility for the fact that Canada has no trans-Canada highway, for that party has been in power for 47 of the 82 years since confederation, and 36 out of the 49 years since the turn of the present century. I do not wish to heap the blame upon the Minister of Reconstruction and Supply (Mr. Winters) because he merely inherited the situation. He is young in the important position he holds, and I congratulate him upon taking the lead in this very important matter so soon after assuming his high office.

However the government cannot escape some responsibility for its failure in the past even though the minister himself does not have to accept full responsibility now. The resolution before us calls for the introduction of a bill which, so far as we can learn, is to contain provisions for agreement between the dominion and the provinces to share the cost of building a trans-Canada highway; in retaining the technical staff to advise the provincial governments, and for inspection and accounting duties.

I see, however, nothing in the resolution to indicate the method to be used in determining the route the highway is to follow through the various areas of this vast country of ours. The resolution is also silent as to the way in which costs are to be shared between the dominion and the provinces. The minister did say in his opening statement that the federal government proposes to pay 50 per cent of the cost. To us that is a great disappointment. It was also most disappointing to hear the minister say that the highway he proposes will have "some national complexion". A timid whisper like that is exactly the opposite of what one would expect from a government with a majority the size of this one. I say it is very difficult for anyone to understand why the government will walk roughshod over the law and standing orders, but will plunge headlong almost with the reckless abandon of the Stampeders football line when it comes to abolishing appeals to the privy council and making amendments to the constitution, and

approaches the building of this most important trans-Canada highway with diffident reluctance. That is the only way one can express it.

We criticize the failure of the government to take proper leadership in this most important matter. To begin with, as I have already said, we have drifted along for 25 or 30 years without a route by which our own Canadian people, to say nothing of the tourists, could motor or haul by truck from eastern Canada to the west, or vice versa. All this time we have forced Canadians to spend a good many millions of scarce American dollars in the United States simply because they had no alternative to the use of the highways south of the 49th parallel. I have had to use those highways on many occasions when it has been necessary for me to travel west by automobile. We have lost untold millions of those same scarce American dollars through tourist travel which undoubtedly would have passed over a trans-Canada highway, if one had been in existence.

I am not going to cover the ground already so well covered by the two preceding speakers. In much of what they have said I concur. A number of good suggestions were made by the leader of the official opposition (Mr. Drew), in which I concur. I should like however to say something about financing the road. I said earlier that we were disappointed, keenly disappointed, with the government's announcement that it would share to the extent of only 50 per cent. I believe the trans-Canada highway should be financed entirely by the federal government.

I propose to cite to the house a number of good reasons in support of my claim. Obviously because of the shortage of time I cannot discuss all of them; but there are a number of good reasons why at least the first trans-Canada highway should be financed entirely from the federal treasury.

The first of these reasons is that the trans-Canada highway would be a national asset, because it would be national in scope. It would serve the interests of Canadians as a whole rather than the interests of only those people in one province or the people in a small group of provinces. My second reason is that the governments in the provinces, and of the municipalities in the provinces, are already faced with excessive expenditures for roads and other public works, in some cases away beyond their ability to pay without going further into debt.

At the present time the provinces and municipalities have to construct and maintain practically all the highways and roads, without any financial assistance from the federal government. I submit that in no federal country in the world outside Canada is that true to the extent that it is true in this country. At the present time many of the highways in the provinces which serve the Canadian people as a whole are in the nature of a trans-Canada highway. No part of the cost of either building or maintaining those highways has been borne by the federal treasury.

Just let me give my own province as an example. I refer to Alberta only because I am more familiar with it than with any other province. I feel sure however that what I say about Alberta will hold more or less true with respect to all other provinces in Canada. In the first place according to 1947 figures Alberta had a population of roughly 822,000 people and an area of 255,285 square miles. In the second place, the total miles reserved for roadway amounts to 143,805. This simply means, by ordinary calculation, that five Albertans would have to carry the cost of building and maintaining each mile of highway, if it were possible to do the building all at once.

Mr. Blackmore: That figure includes men, women and children.

Mr. Low: Yes, including babies. This is a heavy burden for any group of people to bear. At present out of the 143,805 miles of potential roadways that will have to be built in time, a grand total of 80,742 miles have been built. In the third place there are in Alberta 76,140 miles of rural, municipal and improved district roads; and of this huge total 42,684 miles are earth roads, 24,790 are graded and 8,666 are gravel.

One gets some idea of the heavy financial burden to be borne by a province like Alberta when it is realized that it is impossible to maintain a mile of gravel highway for less than $1,000 per year, if normal traffic is to be continued. Let that sink in: for less than $1,000 per mile per year it is impossible to maintain a gravel road in passable condition.

In Alberta there have been built 3,258 miles of main gravel highway. It is not difficult therefore for hon. members to measure the kind of maintenance bill this mileage requires every year at $1,000 a mile. And when we remember that a province with not many more than 800,000 people has to lay out over $3 million a year merely to keep up its gravel roads, then I ask the house what chance it has to build hard-surfaced roads with the restricted resources falling within the scope of its own tax revenues. That is a serious question which it seems to me hon. members

will have to ask. And on top of that, according to the minister's statement, this government expects them to contribute to the building of the trans-Canada highway to the extent of 50 per cent. What chance have they to do that?

There is another aspect of this matter to be considered. Alberta has built nearly 700 miles of asphalt surfaced roads during the past 12 or 13 years. I should think that the cost per mile today of such roads would be over $25,000 per mile. That represents in itself an expenditure of more than $18 million, all of which has been paid in cash as they went along. But over and above all this the people of Alberta have had to pay the interest on $40 million of bonds which were issued by governments prior to 1935 to pay for roads that were built up to that time. By 1935 those roads had largely disappeared, but the debt had not. We have had to pay the interest on the $40 million every year in spite of the fact that the roads were not there any longer. That is the kind of financing that went on from 1905 when Alberta became a province.

Mr. Blackmore: Under Liberals.

Mr. Low: I should like to point out that in the last provincial election the only suggestion the leader of the Liberal party in Alberta had to make was that if his party was elected they would immediately go out and borrow $100 million to be spent for roads.

Mr. Blackmore: Which would all blow away.

Mr. Low: All this indicates why it would be most unfair and unwise to saddle the provinces with further financial burdens in connection with the trans-Canada highway.

There is a third reason why the federal government should bear the full cost of the trans-Canada highway. I would refer now to the announcements the government has made at different times since 1946 as a means of reassuring the people of this country that they do not expect that a business recession of any serious proportions will hit Canada. They have assured the people that in the foreseeable future there will be no such thing as a depression. They have assured them that they have up their sleeves or somewhere a shelf of projects with which they are going to cushion Canada's economy against a depression.

If the trans-Canada highway is to be built as one unit of that shelf of post-war projects that we have heard so much about and that are to prevent a recession or unemployment in Canada, then quite clearly it is a federal responsibility. I do not think anyone can argue successfully that it is not the responsibility of the federal government to order and administer the financial policy of this country to the end that effective demand is kept at a high enough level to make possible the equitable distribution of our total production. That is a federal responsibility. There is no other way to prevent unemployment and business recession or, what is worse, a depression, than for the government to so order its financial affairs and to so conduct its financial policy that effective demand is kept at a level where the people of the country can buy, if they so desire, the total of our production.

The provinces have no voice in the national financial policy and therefore it becomes the responsibility of the federal government to bring out its shelf of projects and put them into effect. One of the most important of these should be the building of the trans-Canada highway. When the government and the Minister of Reconstruction and Supply (Mr. Winters) are considering ways of financing this vast project they should give serious consideration to the use of nationally created credits rather than taxation and borrowing. It would be quite possible to plan the undertaking to be carried out over a period of years in such a way as to make the necessary expenditures coincide with the periodical need for expansion in the Canadian monetary supply. In my judgment the building of the trans-Canada highway offers an ideal project to be financed by national money since it will be not only a national asset but in many respects a self-liquidating national asset which would lend itself to the kind of financing I have suggested. I should like to stress also that the people of Canada should not have to pay for this road two or three times over during this and succeeding generations simply because the government insists upon saddling them with more debt that never will be paid, but carrying interest which must be paid out of taxation.

There is another consideration to be dealt with when considering this question of whether the dominion government should finance the proposed highway rather than add to the burdens of the provinces which are already very heavy. I refer now to the effect which the building of the Alaska highway has had upon provincial economy since its transfer from the United States to the Canadian government. As hon. members know, the southern terminal of the Alaska highway is at Dawson Creek, British Columbia. There is no connection between that point and the highways of the United States except over Alberta roads. From Dawson Creek to the nearest United States port of

entry at Coutts, Alberta, is about 820 miles. That means that nearly all the traffic that moves over the Alaska highway must of necessity travel over 820 miles of provincial highways in order to get to the Alaska highway.

During some seasons of the year large convoys of heavy trucks and transports carrying great tonnages of materials and supplies move over Alberta roads. It is only natural that those heavy convoys which are accustomed to travelling on the armour-coated highways of the United States should cut the Alberta roads to pieces; and this they have done. No system of licensing or of gas taxation could possibly bring in sufficient revenues to pay for the damage done to a highway by such heavy traffic, much of which is incidental to the United States army and the United States supply depots in the great northland. Thus far Alberta has had to pay the full cost of maintaining, and repairing, and the rebuilding necessitated by this heavy traffic from the United States, and this has run into hundreds of thousands of dollars every year.

The Alaska highway is important to the United States and Canada. We do not begin to understand how important it is now; but we should be thankful that it has been constructed. I think we should pay tribute to the foresight of our neighbouring country, the United States, for building this highway even at the tremendous cost involved. This highway was turned over to Canada by the United States and Canada is maintaining it. I understand from the hon. member for Cariboo (Mr. Murray) that they are doing a good job, and for this the government should be commended. However, the full potential of that highway cannot be realized until it is extended to the south and connected up with the great industrial centres of the midwest United States. It will have to go through Alberta before that can happen.

It is clearly the duty and responsibility of the federal government to do three things in order to relieve the province of Alberta of the heavy responsibility it has today in providing feeder roads to the Alaska highway and in order to make the Alaska highway of real value. It is their responsibility to share the cost of maintaining these feeder roads to the Alaska highway so that they may be kept up to standard and make it possible for traffic to move over them at all seasons of the year. Possibly these supply convoys bound for Alaska are going to be tremendously important from a security point of view sooner than anyone expects.

The second thing I think the Canadian government should do, and it is clearly their responsibility, is to negotiate with the United States government with a view to getting that government to share the costs of maintenance of feeder roads to the Alaska highway, and perhaps to share the cost of rebuilding where that becomes necessary as a result of the wear and tear from the heavy convoys travelling over the roads.

The third thing which I think is a federal government responsibility is to construct, or share with the province in the construction of, a more direct route from the southern part of the province of Alberta to the Alaska highway. I am told that surveys already made indicate that it would be possible to save up to seventy-five miles between the port of entry at Coutts, Alberta, and Dawson Creek by surveying and building a cut-off between Whitecourt, west of Edmonton, and Valleyview in the Peace river country. Certainly it is only reasonable to suppose that if a road is to be of military and security value then the most direct route is the most feasible one.

I suggest with all respect these three important things should be followed up by the government of Canada. They are the only ones in a position to negotiate and to arrange for an agreement between ourselves and the United States to the effect I have mentioned. I do not need to deal with the precedent established by the United States. My colleague, the hon. member for Lethbridge (Mr. Blackmore), undoubtedly will go into that to some degree, and will show the contrast between the way we have undertaken the building of an important highway link between eastern Canada and western Canada, and the way the United States has acted over the years. I suggest that feeder roads, or an inter-regional system of highways, ought to be considered also as a part of any trans-Canada highway project.

I should like to say a word about routes before I close. A good deal has been heard, especially during the past year, about what route the proposed trans-Canada highway should follow. I am critical of the government in this respect. I think the situation has been allowed to drift along with no leadership until it has become terribly confused. Nobody seems to know just where to start. I did not hear the interpolation of my hon. friend over there. I would be very happy to have him speak right out so that I can deal with him. There is no question about the fact that much of the existing confusion with respect to a route, and how to select a route, is the result of the lack of leadership on the part of this government that is supposed to initiate such things. There have sprung into existence in Canada trans-Canada highway route associations. I know we have at least three of them in the province

of Alberta because there are three main possible routes by which the trans-Canada highway could proceed. Each of these associations has been doing a great deal of advertising and has obtained much publicity. Each of them makes many claims about the advantages of its own route. The Yellowhead association has even gone so far as to sponsor a convoy and send it from the city of Edmonton right through to Vancouver to show the feasibility and advantages of that route.

Alberta finds herself in the position that she cannot make a firm decision as to which route she should designate across her territory because already it is reported that the people of British Columbia have said: We will not consider any other route than the Big Bend highway leading into Calgary. On the east, it is reported that the province of Saskatchewan has said: We will select as the route the one that goes through Regina and ends up at Walsh on the Alberta border. That being the case, Alberta is in the position where, if she made a decision to put the road through over the southern proposed route or the Yellowhead route, it would throw the whole thing into such confusion that nobody would be able to make a decision for a long time.

Mr. Smith (Calgary West): Nobody would do anything that silly, would they?

Mr. Low: At any rate, thus far Mr. Manning, the head of the Alberta government, has used his head and has waited to see what leadership would come from the federal government.

Mr. Blackmore: He always uses his head.

Mr. Low: He has done so in an attempt not to confuse the matter further. In connection with the whole matter of the route, let me make this suggestion. I think it is high time that the government and the minister began to put first things first. I do not think the resolution before us begins at the beginning at all. I think the first thing that the resolution should call for is the setting up of a joint dominion-provincial highway commission; and that joint dominion-provincial highway commission ought to be charged with the responsibility of conducting a thorough survey and investigation. It should then sit down with all the facts before it, and having the advice of competent engineers it should determine what route the road should follow. When they have determined what route the road should follow then they should attempt to reach whatever agreements are necessary with the province to carry out construction and maintenance of that route. It is the only way in the world that you can bring order out of chaos. Surely hon. members must agree that in a project of this size there must be order.

The second thing it seems to me the commission should do is to investigate standards, which is another most important matter. If the highway is going to be built with Canadian money and effort, then it ought to be built to a standard that is adequate not just for the next four or five years but to a standard that will hold for fifteen, twenty or twenty-five years in the future. I do not believe it would be in keeping with the dignity and standing of a country, which we are told by the government has reached the age of its majority, to have a measly two-lane road running across Canada on which you could travel with only moderate comfort that the minister spoke of today. I do not think that is at all in keeping with our standing. The road we build ought to be up to a standard commensurate with our ability to produce and deliver engineering and other services.

And now to conclude. So far as Alberta is concerned, the government there has suggested that there are three routes, any one of which will be satisfactory. They have also said they are willing to set aside money for the purpose of ensuring that we can have a satisfactory trans-Canada highway at the earliest possible time. At the last session of the legislature of that province they passed a bill providing for the expenditure of $2 million for the purpose of getting a start on the highway. I say they have indicated their good faith, but I am satisfied they will be bitterly disappointed that the federal government has taken the view that all they can share is 50 per cent of the cost. I am satisfied that, when all the evidence is available, this government will see that if they are still unwilling to pay the full cost, the most they should expect the province to put up is 30 or 33 per cent, and the least that the federal government should pay is 66⅔ per cent of the cost.

Finally, I recommend to the government that a joint dominion-provincial highway commission be set up at the earliest possible moment, charged with the responsibility for taking leadership in this whole project. Someone near me suggests it should not be made up of politicians, and I agree. It should be a joint commission of competent engineers, men who know what they are doing in that particular field.

Some hon. Members: Oh, oh.

Mr. Low: I have in mind the hon. members who pounded their desk when I said that. They have indicated they do not know what they are doing.

I also suggest for the very serious consideration of this government, when it comes to financing the trans-Canada highway, that they make it part of the shelf of projects designed to cushion the Canadian economy against the onslaught of depression. The only way that can be done is to make use of national credits without interest, which would be expended as it became necessary to expand the monetary supply so that effective demand can be kept at a high level in this country.

Mr. A. F. Macdonald (Edmonton East): Mr. Speaker, it would appear from all indications that everyone in this house is agreed that Canada should have a transcontinental highway. The building of this highway has now reached the stage of definite plans, and it is interesting to observe that a Liberal government is responsible for this constructive step.

Mr. Thatcher: It is about time.

Mr. Macdonald (Edmonton East): What portion of the cost of the trans-Canada highway will be borne by the federal government and under what auspices the construction will take place are matters of negotiation between the dominion and the provinces concerned. What route the construction will follow is a matter of grave concern to all Canadians who are interested in this national undertaking. It is hoped that some time in the not too distant future there will be more than one trans-Canada highway welding together the components of our great nation. At the moment, however, we are immediately concerned with the building of our first national roadway, and my remarks will be directed to a discussion of the location of this highway.

There are members in this house representing the ten provinces affected, from Newfoundland to British Columbia, and it would appear to me that my observations should deal more directly with that part of the trans-Canada highway which passes through the province of Alberta, although the principle involved is equally applicable to the other parts of this Canadian undertaking. Representing as I do the constituency of Edmonton East in the province of Alberta, I have given special attention to the possible routes of this system through the passes of the Rocky mountains, namely the Crowsnest pass, the Kicking Horse pass and the Yellowhead pass. It has been my privilege to personally traverse all three of these divides of our picturesque Canadian Rockies. As a layman, I was particularly impressed with the natural roadway, and the accessibility of good grades through the Yellowhead pass. But I would not feel qualified to give judgment on which route should be chosen. I am equally convinced that those who have undertaken to make a definite decision are not fully qualified, nor have they sufficient facts at their disposal on which to give a sound judgment.

There are three main factors to be considered in deciding where the trans-Canada highway should pass through these mountains, namely, the practicability for civilian use, the accessibility for defence purposes, and the cost of construction. On this basis it is difficult to understand the decision of the provincial government of Alberta proposing that the Kicking Horse pass route should be followed, when all available evidence points to the Yellowhead pass route as being preferable on all three counts.

Mr. Smith (Calgary West): Now I will tell one.

Mr. Macdonald (Edmonton East): I am not suggesting that the recommendation of the provincial government of Alberta should be ignored, but I am definitely stating that there is sufficient evidence against this recommendation to make it imperative for a national highway commission to be established which would weigh carefully the merits or demerits of all three locations. The best engineering brains in this country should be mobilized for the purpose of forming a fact-finding board or trans-Canada highway commission with representatives thereon from the armed services. This commission could consider everything contributory to the construction of a highway such as route, costs, weather conditions and military requirements.

To substantiate my concern over the hasty or ill-considered decision of preferring the Kicking Horse pass, I would call the attention of this house to several factors which should interest all members. There is a stretch of highway west of the Kicking Horse pass known as the Big Bend, on which the annual snowfall has approached nearly sixteen feet in one season. In the pass itself, there are twelve miles in the Kicking Horse canyon through which a twenty-two foot top highway could not be built without a cost approaching $200,000 per mile. The railroad in the gorge would make extensive blasting operations impracticable. On the other hand, the Yellowhead pass does not present such formidable obstructions to either construction or maintenance.

The Yellowhead route will approach and proceed through the mountains and arrive at Vancouver at a lower elevation than any other proposed route. The Kicking Horse pass elevation is 5,337 feet; the Crowsnest elevation is 4,450 feet and the Yellowhead, 3,717 feet. As there is the least snowfall on the Yellowhead route, that is another good reason why this route should be considered for

priority of construction. Not only the original construction cost but the cost of maintenance should be given consideration, and I contend that maintenance would be less on the Yellowhead route, owing to lighter snowfall and the ease with which any slides that might occur could be cleared away. The mountain scenery is equally glorious in each of these areas, but tourists today demand highways of 22 to 24 feet, without those turns which reach beyond the point of enjoyment.

I submit that commercially the Yellowhead route west of Winnipeg would serve the greatest number of people living in the prairie provinces. The recent oil developments in the central part of the prairies, as well as the potential resources of the northern part of the prairie provinces and Northwest Territories, are strong reasons why the highway should follow the Yellowhead route. The Yellowhead route is the central route, and would serve by far the largest park areas west of the great lakes. It is as necessary to have good highways as it is good railways. The Yellowhead route passing through four national parks and five provincial parks would be a veritable magnet for the tourist trade.

During the present session the citizens of Canada, and in particular the members of this house, have been made more conscious of the necessity for national defence. With the realization that war is still a possibility, would it not be shortsighted indeed to construct a trans-Canada highway without giving adequate consideration to the availability of this highway for defence purposes? Our great ally and friendly neighbour to the south, the United States of America, has been ever-conscious of the necessity for protecting the back door on the northwestern border. The joint effort in the construction of the Alaska highway is firm evidence of the practical co-operation between Canada and the United States in defence projects. During the last session of congress, a bill was passed anticipating the construction of a railroad by the United States from Prince George to Fairbanks, Alaska, costing approximately $200 million. Just last month the President of the United States signed this bill which authorizes plans for an immediate survey of this proposed railway. At present there is a railroad in the province of British Columbia which could be used as a feeder for the Prince George-Alaska line, but two highways could also be utilized as secondary feeders if the Yellowhead pass were used for the trans-Canada project, which would make the military supply system less vulnerable, either to climatic conditions or to military attack.

In overlooking the Yellowhead pass we question whether sufficient consideration has been given to defence highway supply routes such as (1) south-north route through the interior of British Columbia from the United States border to Prince George and (2) the Alberta highway from Montana to Edmonton which could be linked up with Prince George by the extension of the trans-Canada highway west from Edmonton via the Yellowhead, with a branch to Prince George, British Columbia.

A highway along this route of the Yellowhead pass would serve the two largest ports on the Pacific coast, Vancouver and Prince Rupert, also Skagway via the Alaska highway. The Yellowhead route would join the Alaska highway at Edmonton as well as give direct connection with the Mackenzie highway to Great Slave lake.

In closing, Mr. Speaker, may I repeat that I am not dogmatically suggesting that the Yellowhead route be chosen. On the contrary, I am definitely suggesting that a fact-finding board or highway commission be set up to secure evidence as to what route is preferable for this great Canadian national undertaking.

Mr. D. F. Brown (Essex West): I should like to say a word, Mr. Speaker, in support of the principle of this resolution which may, of course, result at some time in the bringing in to this house of a bill for the establishment of the trans-Canada highway. I do so not having in mind the route either in the maritime provinces or in the western provinces.

I hear a voice, Mr. Speaker, but I see no one.

Mr. Smith (Calgary West): You had better grow up; then you will see some of them.

Mr. Speaker: Order.

Mr. Brown (Essex West): I am not particularly interested in the conflict between western members as to the route that it ought to take there. I am interested, however, that there shall be a trans-Canada highway which shall lead from one side of Canada to the other so that the products of our mines, farms and factories may be transported in a manner which may seem advisable to those using trucks, and that our people may be transported by bus, but primarily that this route may be a haven or a paradise for the tourists that enter our country.

One of the largest industries—I think it is the second largest—providing United States dollars to the Dominion of Canada is the tourist industry. For that reason in the province of Ontario I believe I would rather support a move to establish such a route along the north shore of lake Superior. I

say that, Mr. Speaker, probably for a selfish reason. That reason is that the constituency which I have the honour to represent has the largest port of entry for tourists in the Dominion of Canada. While I realize that not even by the widest stretch of the imagination can we divert the trans-Canada highway into this part of southern Canada, yet the people who use this highway will, to a large extent, come to that highway through the constituency which I represent.

The development of this tourist paradise along the trans-Canada highway will require the utmost co-operation of the federal and the provincial governments. It will also of course require the co-operation of municipal governments. It seems to me that a tourist coming to this country for the purpose of a holiday or otherwise requires three things: (1) ample quality meals; (2) comfortable beds; (3) an enjoyable time. These objectives, of course, can be accomplished on such a highway, especially in the part to which I refer, along the north shore of lake Superior.

Since the federal government is going to pay a large part of the cost of such a highway, I think it would be entitled to call the tune to some extent. For that purpose it can assist greatly in establishing on this highway the tourist attractions that go with it. To enumerate, may I point out that loans may be provided by the federal government for the establishment of tourist camps or lodges. These should of course be given to worthy individuals. I am not suggesting that loans be granted to everybody. I said that they should be granted to "worthy" individuals; that is, to persons who would be deemed to be most likely to succeed and who are prepared to put in a considerable amount of hard slugging or hard work. The state of Indiana—I am told that it is done by many other states in the United States, but I have knowledge of the state of Indiana —provides such camps within its confines, in which a large tract of land is developed, with parks, with golf courses, snow slides, ski slides, and things of that nature. Usually it has incorporated therein a large or commodious hostel of some type. This is done with state funds.

In the second place, the federal government can assist the provinces in co-ordinating the rules and regulations which will assure the traveller of the fair practices that should be employed by the operators of all tourist accommodation so that the tourist will get the most for his money and, of course, so that a profit will be provided for the operator. High standards of course should be set. I would think that it would be well if such accommodation were classified. Certain standards should be set by the different levels of government in co-operation one with the other. The camp, lodge, hotel or whatever it may be, should be classified and that classification given adequate publicity. The federal government should enter into a program of education of the tourist resort operators from one coast to the other. Any merchant or tradesman on the highway should be provided with adequate information. Inspectors should come along to see that the operator of the establishment is given firsthand knowledge of the standard that is being set by the government officials.

A moment ago I said that the first thing the tourist requires is ample quality meals. At the present time the Department of Agriculture is doing a great deal of valuable work throughout Canada in educating the housewife, the restaurant proprietor and the hotel keeper in the different ways of preparing best quality food. I might point out that in various parts of Canada there are specialties which are indigenous to that part of the country. As a matter of fact, just a few days ago I was discussing the matter with the hon. member for New Westminster (Mr. Mott), who is a new member. He told me of an experience which he had had with the mayors of the Dominion of Canada who were in convention in that western city. He said that in their tour across the country they had been fed turkey and peas and chicken and peas everywhere. Of course they got those dishes at home—we all get them if we are not careful. But while out in that part of the country they were provided with samples of the fish products which are so bountiful in that region, with the result that he was besieged for many weeks afterwards with requests for different products that were being produced from the fisheries of British Columbia.

The different provinces of the maritimes, through research and education, might discover special ways of using the potato or the fish products which they have down there. We of course think of Quebec and pea soup as synonymous. With education and publicity I am sure that the tourist as he approached the province of Quebec would be looking forward to a delicious bowl of that famous soup. Ontario might—I might point out that the interjection at my elbow was that Ontario might specialize in the hot dog. I do not think it is really a dish which is peculiar to the province of Ontario. I do think that in Ontario we have fine products. For instance, our blueberries are the finest in Canada. With a little research by scientists and dietitians they could provide a specialty course for the

tourists in our country. I have already mentioned the west coast. The prairies of course have the wheat products.

In addition to the specialty food dishes for our tourists I am going to suggest that there be an adequate supply of maps which could be displayed on the walls of the establishments along this highway. I have found that all tourists are tremendously interested in maps, especially of the locality in which they find themselves. These maps could also be used as place mats at the different establishments. Perhaps the recipe of the favourite dish in that locality could be typed or printed on the map and taken by the tourist as a souvenir.

I have already pointed out that the second requirement of a tourist establishment is comfortable beds. This could be regulated by government directive, by the regulations that are provided by the provincial and federal governments co-operating with each other. As I have pointed out, a certificate could be issued to the establishment and publicity given not only in the establishment itself but in the different trade journals and advertising.

The third essential for a tourist is an enjoyable time. I would think that anyone going across Ontario and coming through Windsor would have an enjoyable time. Outdoor activities could be augmented by establishing in many of these places handicraft activities. I believe that the Canadian Handicraft Guild will be most active and anxious to assist the operators of such establishments in providing the means whereby tourists may have activity when the weather is not suitable for outdoor exercise. That is done in many places in the United States. When an inn or a hotel is established, a handicraft guild or a handicraft shop is established, and on a cold or rainy day they are very active places and provide an outlet in which the tourist may make something for himself, probably under expert supervision, which he can take home and use as a memento in the years to come.

If the federal, provincial and municipal authorities do co-operate, and I am sure they will, if given the opportunity, to provide these tourist havens across Canada, the number of motorcars which pass through the port of Windsor, which is in my constituency, will greatly increase.

Mr. Isnor: Is this highway to go through the hon. member's constituency?

Mr. Brown (Essex West): I would prefer that they divert the highway through the city of Windsor, but I am really not asking for it at the moment. I said "at the moment"; it might be that a little later I would ask for it. However the senior member for Halifax (Mr. Isnor) has brought up the point. I think it might be well if the provincial government were to proceed at once with the building of a four-lane highway. Perhaps I should not use the word "building", because they already have the plans. However, they might well proceed with the building, for which they have the plans, of a four-lane highway from Windsor, to connect with the trans-Canada highway. Not only would it provide easy access to the trans-Canada highway, but it would bring in many more American dollars so badly needed in this country.

In 1949 alone, from January to August 1,295,549 motorcars passed through the port of Windsor. When one considers that in each motorcar there are several passengers, and that each tourist spends a considerable sum of American dollars, it must be agreed that this is a great contribution to our national economy. For these reasons I most heartily support the trans-Canada highway.

Mr. G. F. Higgins (St. John's East): Mr. Speaker, I notice in reading the files tabled by the minister today of correspondence with the premiers of the different provinces, that they do not appear to be complete. I wonder if this is correct; are they or are they not complete?

Mr. Winters: I understand the hon. member is referring to the date of the last correspondence.

Mr. Higgins: Yes, that is right.

Mr. Winters: The correspondence is up to the date of the notice of motion for production of papers moved by the hon. member for Lake Centre (Mr. Diefenbaker).

Mr. Higgins: I presume the minister will file any remaining correspondence.

Mr. Winters: If that is the wish of hon. members, I should be glad to do it.

Mr. Green: Could it be done tomorrow?

Mr. Winters: I think it may be done tomorrow—and done of course on the same basis, that it will be filed only with respect to those provinces which have given their permission.

Mr. Higgins: I mention this because from the date it appears that there is further correspondence.

I do not think there is any doubt about the fact that the idea of a trans-Canada highway has general support. The only differences we may have in the matter—those of us who have differences—are with respect to the contributions that have to be made. I shall refer to that aspect of the matter later.

The chief reason I see for the trans-Canada highway—one which I think is probably

accepted generally by all—is the development of trade and industry, and particularly that industry known as the tourist traffic. The other important phase is the necessity for a good system of highways for purposes of defence.

That feature has probably been stressed in the house before, and perhaps there is no need of my mentioning it again. We all recall however the famous autobahn of Germany and the purpose of it. We know of its value to that country during the last world war. I do not suggest that we should have an autobahn, but I do feel that throughout Canada we should have highroads which if necessary can be used for defence purposes.

Another important reason, one to which the minister referred in his opening remarks, I believe, is the value of road-building in taking care of unemployment. In my opinion that is one of the important features in the program. Perhaps it is not of such importance to the other provinces as it is to Newfoundland, because unemployment is a problem we are now facing. I believe road-building has been termed a shelf project; whatever it is, it would be of immense value to us in this connection.

As has been stated so often, in Newfoundland we have immense tourist possibilities but no roads. With an area of 42,000 square miles we have less roads both in number and in quality than has Prince Edward Island with an area of only 2,000 square miles—and that is only on the island alone irrespective of Labrador. One can easily see why your poorest cousin needs and looks forward to a system of roads. The value of the tourist industry cannot be stressed too greatly, because with the opening up of highroads and the resultant opening of the country, not only will citizens from the wealthier sections of Canada come to us as often as possible, but also we will have a tremendous influx of American visitors as well. From that point of view I feel that no matter who pays for these roads, whether it is the wealthy provinces, the poorer provinces or perhaps even the Americans, it is a good investment, so long as we do not have to pay for them or pay more than we are able.

I am sure this matter has been considered before, but some years ago I noticed that on some of the American highroads specially wide and long strips were being built in places, the purpose being to take care of emergency plane landings. It might be well to keep in mind that in the proposed highroad provision could be made at no great extra cost for an extra twenty feet in width and a long straight-away of a mile or so which would serve as a first-class emergency landing field, at which planes could land and from which they could take off. It might be even an attraction to tourists. This is offered only as a suggestion as we go along.

I do not need to repeat the strategic value of the island to the rest of the continent. But with the bases in Newfoundland it seems ridiculous to find that there is no road connection between them. We have a big American base at St. John's, with an airport at Torbay, which was used to a great extent during the war as a base for the spotting of submarines by aircraft. Then, we have the naval base at Argentia. St. John's and Argentia are connected; but may I remind the house that they are connected chiefly by American money being spent in their construction. Americans built and maintained that military road to give them speedy transportation between St. John's and their naval base at Argentia.

From there on however there is a great hiatus. The great airport at Gander is an important part in the scheme of defence of Canada; but there is no road connection with Gander and the rest of the country. Going farther west we come to Ernest Harmon air base at Stephenville. This is an American air base. There is no road connection with it and the other bases. So, apart altogether from the advantage of roads in the ordinary scheme of things, it seems to me apparent that in the defence scheme of the dominion and the United States all these bases should be connected by roads.

I do not think there is any contradiction to this. I do not believe it would be taken in good grace in this parliament or by the people of Canada, but I am quite certain the United States will build these roads if we do not. As a nation, surely we do not consider we are in the position where the United States should come in and build our roads. But that is what will happen unless these United States bases are connected up properly in the not too distant future. Somebody is going to do the job and I think that somebody should be Canada. This should all be part of the trans-Canada system.

The difficulty faced by the other provinces in deciding where the road is to run does not exist with us. We know perfectly well where it is going to run because we have no alternative. It will run from St. John's to Port aux Basques. Apparently this route has received the blessings of the powers that be.

But there is one thing I want to be certain about. When the highway is completed to Port aux Basques I want the minister to implement the undertaking contained in section 32 of the terms of union that a proper car ferry will be provided. This may be

thought to be asking for "all this and heaven too", but I am suggesting that provision should be made now so that a proper ferry will be available if and when the highway is built.

I have looked over the correspondence in this connection which was tabled. This correspondence sets out the standard of road that will be built. The details accompanied a letter to the premier of Newfoundland dated September 2, 1949. I take it that these standards will form part of the bill that is to follow and therefore it is proper to discuss them now. Apparently the government plans only a two-lane highway. I do not suppose Newfoundland itself would require more than a two-lane highway, but a military road would have to be wider. The intention is that if any province builds a road wider than two-lane the federal government contribution will be 50 per cent of the cost of a two-lane highway rather than 50 per cent of the total cost of the road.

Apparently the right of way is to be 100 feet in width with a 22 or 24 foot pavement. The shoulders are to be 10 feet and the minimum thickness of asphalt is to be three inches. The stone base will be from a nine-inch minimum to 12 inches. There will be a maximum curvature of six degrees and a maximum gradient of six degrees. The sight distances, horizontal and vertical, are to be a minimum of 600 feet. Bridges are to have an overhead clearance of 14 feet with a width of 26 feet for spans of over 30 feet, and curbs of 18 inches.

These are not my own figures. I do not know about these matters myself, but I discussed it with an hon. member who is engaged in the road-building business and who knows something about costs. I described as well as I could the terrain that would be encountered and the nearest approximate cost figure I could get was in the neighbourhood of $100,000 per mile. As I see it, the minimum distance would be 500 miles, which means that the share of the poor province of Newfoundland will be quite steep. I do not know about the wealthy provinces up here, but if we have to find $25 million as our share, it is going to be a little hard.

Then apart from the original cost the province must maintain the highway, and I understand that maintenance costs are fairly high. I hate to be considered begging all the time but I am a little worried about this part of it. We like to play our own part in Newfoundland and I would not advise taking on a job that we cannot handle properly. We do not want to be always coming around asking for more.

Another angle to this road construction business is the assistance that it will give to relieving unemployment. Frankly I do not like the idea of this cost being as high as it will be, but even though it will assist unemployment I cannot see how we are going to find $25 million unless some wizard comes along and pulls it out of a hat. Unemployment has recently been taken care of by the provincial government by the payment of $13.20 for a 48-hour week. Can you imagine in this day and age that in one of our ten provinces a family man is receiving only $13.20 for 48 hours of work. It is easy to see what is going to happen. The family allowance cheques that are being received in Newfoundland will be used for purposes never intended by the act. I am quite worried about that and I am sure all hon. members from the province are in the same state of mind. I probably got a little off the point in this discussion, but I thought I should mention this matter.

From the correspondence the minister had with our premier it would appear that the subject of the resolution has been discussed. This letter was dated September 2, 1949, but I was rather confused by noting a Newfoundland newspaper report dated October 1. This report referred to the visit of the premier of Newfoundland to Ottawa and the discussion he had had with the minister with regard to a highway. There is a headline, "Twenty feet wide road to be built from Port aux Basques to city", and the premier is reported to have said:

> Thanks to the help offered by the federal government, we'll have a paved highway from St. John's to Port aux Basques, with a minimum of a twenty-foot pavement and two-foot shoulders on either side.

Then the premier is reported to have said further:

> I don't guarantee that the paving itself will be completed within our first term of office, but the road itself will be completed and a great deal of its pavement will be laid. In addition there will be many miles of secondary roads constructed.

There seems to be confusion of thought in this matter. This resolution contemplates legislation which will follow a decision by the provinces concerned. If the premier is reported correctly it would seem that he had more or less accepted the proposal. I notice down at the bottom of this same newspaper another article which reads:

> Work in connection with the survey of the western section of the proposed trans-Canada highway is progressing satisfactorily, and a party under T. H. Winter which commenced work at Robinson's on September 5 has now moved to McKay's.

These are places on the west coast.

> It is understood that the work will be pushed forward and as much as possible completed before winter sets in.

I do not know if it means when the minister sets in or winter itself, but there does appear to be some similarity in the thoughts of the minister and the premier. The premier appears to have accepted the fact that it is all over and done with. In his letter to the minister he says:

> Many thanks for your letter of September 2 . . . I may say that we are most eager to be in on the proposition from the very commencement.

The premier may take it as being all right. He may have decided Newfoundland can afford this expenditure, and if he sees his way clear I am not going to knock it, but frankly I do not see it as he does. I am quite worried about it. I would certainly wish to see a highway in Newfoundland in keeping with the rest of Canada. I certainly would wish Newfoundland to be able to pay its proportionate share of the cost of the highway, but I do not see how Newfoundland can do it. The bases in Newfoundland need highroads from the defence angle, but unless there is some other contribution suggested than that of 50 per cent to be paid by the dominion I do not see how the province can provide the balance. I heard the leader of the Social Credit party (Mr. Low) say that for some provinces the contribution should be 33 per cent. I am not able to give a figure for Newfoundland. All I can say is that it should be less than any other province of Canada if Newfoundland is to pay its share. I am not able to go into figures, but I should like to see the road constructed. I should like to see it properly built, and I should like to see it built soon. I hope when legislation is being introduced there will be an exception in the case of your poor cousin in the matter of contribution.

Mr. P. C. Black (Cumberland): Mr. Speaker, I am in favour of the general policy of federal contribution to the building of highways and assisting the provinces therein. Therefore I am in general sympathy with the proposal before the house. I am particularly glad to give support to a minister from Nova Scotia because of my personal regard for him. I am in favour of it also because for some years I had considerable experience with highway administration and construction, and I have given my support at all times to improving highways starting in 1918, when the province of Nova Scotia had lefthand drive and nothing but sheep and cow trails all over the province. The highways were then looked after by sectional highway statute labour, when a provincial highway board was set up, of which I was a member. There were five members; three of them were supposed to be Liberals and two were associated with the other party. In those days there were only two parties, but there were no politics in our efforts, at least so far as I was concerned.

We laid down certain policies and started a program. I have given my support to highway development from 1918 to the present time. I had the privilege and responsibility of being minister of highways in Nova Scotia for eight years. I had to take up the burden of administering the highways department from those early days. We were able to accomplish a good deal, and according to our revenue and resources, I believe that we accomplished as much towards the construction and maintenance of highways as has been done since. It has been the policy of everybody in the province of Nova Scotia to advance the construction of our highway transportation system. Great progress has been made.

I had the honour of proposing the policy of federal assistance for the construction of highways at the Conservative convention held at Winnipeg, which policy was adopted and put into effect under the Bennett government. Unfortunately it had to be carried out in the days of the depression when it was most difficult to secure funds to advance the programs that we had in hand. Our objective was to give as much employment as possible and to distribute the work as widely as we could. We were able to keep all our villages, towns and cities in the province of Nova Scotia solvent during those days, and no municipality defaulted on its bonds.

The industries of Nova Scotia could not give employment to their old hands. The workmen's compensation board recorded $30 million less in wages per year than they did a few years before. Because we had the responsibility in those days we were blamed by some—and I have heard it in the house many times—for the depression which was continent and world wide. We met the situation the best we could. We undertook to build many sections of the trans-Canada highway. We were not able to build it in a continuous stretch, but in different localities where labour requirements were the greatest. It is a problem today for the present minister, and for the ministers of all the provinces, to lay out the route of the trans-Canada highway so that it will serve their provinces. In those days we laid out the highway in Nova Scotia from the New Brunswick boundary to Cape Breton, through Sydney, and on to Louisbourg, that old fortress of the historic days when the French and the British fought for ascendancy.

It is more important than ever that that route be adopted under the present program

because it gives connection with Newfoundland. We laid out one stretch of thirty-three miles running from Sydney. We adopted a 100-foot right of way, and the work was carried on largely by manual labour. We dispensed almost entirely with machinery, which gave more employment, but we were not able to do the work as cheaply as we could have if we had used machinery. We were only able to employ men in relays and provide two or three weeks' work at a time. It was not efficient help, but we did it in order to give employment to the people not only of the rural districts where the highways ran but also of the towns and cities. We established our own camps and supplied the food. Many of the people who came out from the mining towns in those days, where the mines were working one or two days a week, had not eaten a square meal for weeks. Many of them ate heartily, and their stomachs could not retain the food. Those were the conditions under which we carried on, but I believe we got a fair return for the work we did in those days in starting the trans-Canada highway.

A highway of the highest standard was continued to Halifax and to other parts of the province. I do not know what the policy of the government of Nova Scotia is today. I have glanced over the correspondence the minister has tabled, but I do not see any correspondence from the province of Nova Scotia. I am sure the government of Nova Scotia has an advanced policy. I feel greatly handicapped tonight, Mr. Speaker, in speaking to this resolution because there is no correspondence available from the government of Nova Scotia which would indicate their policy. I think it is due to us from Nova Scotia, in fact to all the members of this house, that the complete correspondence be placed in our hands so that we may know the attitude not only of the province of Nova Scotia but of every province in Canada. I am sure that is the wish of all members of the house who desire to assist in working out the best policy possible.

All work undertaken in Cape Breton at that time was not part of the trans-Canada highway. We built the Cabot trail 186 miles largely in the constituency of the member for Inverness-Richmond (Mr. Carroll). That is a great asset to the province of Nova Scotia today and I believe the whole of Canada. That was carried out by labour during those depressed days. Not only were we able to do our share of the work in Nova Scotia and keep the municipalities solvent, but we were able to pay all our own bills and finance our own undertakings. That was not the case with the western provinces. The four western provinces, with their enormous resources and great revenues of recent years, went through a difficult period at that time resulting in the cancelling of a large portion of their expenditure during those depressed years, but we paid all our commitments.

I am going to read some of the figures I gave to the house on May 20, 1947. The treasury bill debt of the four western provinces was as follows: Manitoba, $24,734,-451.82; Saskatchewan, $80,441,852.44; Alberta, $26,212,000; British Columbia, $34,112,249.99, making a total debt of $165,500,554.25. I presume a considerable portion of those expenditures in those days went toward the building of the trans-Canada highway. The province of Nova Scotia paid every dollar of its share. The federal government has cancelled $55,456,164 of that debt and repaid, out of the proceeds of natural resources, $15,987,500. The province of Nova Scotia contributed to those great natural resources of the west. They got in addition a cash contribution, refunded without interest, of $49,729,979.99; there was also refunded on a thirty-year basis with interest at 2·58 per cent the sum of $44,326,910.19.

Mr. Carroll: May I ask the hon. gentleman a question? Did the dominion government contribute towards the construction of the road the hon. member mentioned?

Mr. Black (Cumberland): I cannot hear the question.

Mr. Carroll: Did the dominion government contribute anything towards the construction of the road the hon. member mentioned, from Sydney, through Bras d'Or lakes district to Halifax?

Mr. Black (Cumberland): Yes, the dominion government contributed 50 per cent of all expenditures on the trans-Canada highway. They also contributed a certain amount towards the improvement of other highways, towards the construction of the Cabot trail, towards railway crossing and other work. I am pointing out here that the portion payable by Nova Scotia was paid in full by the province of Nova Scotia, while in the western provinces their portion was largely forgiven. I say to the minister that special consideration should now be given to Nova Scotia for what it paid out in the building of roads in comparison with what was done in western Canada in the days of depression. I believe that equal treatment should be given to the eastern provinces. In laying out this trans-Canada highway, we should adopt a high standard because we are not only building for today, but for the next 100 or 1,000 years.

The province of Nova Scotia needs these highways for transportation purposes. We need these highways, too, to take advantage

of the tourist traffic. I believe that Nova Scotia, Prince Edward Island, and to some extent New Brunswick are the most neglected parts of Canada when it comes to the tourist trade. Those sections are blessed with hospitable people, the finest climate, beautiful scenery and warm sea water for bathing. The water in the Northumberland strait is the warmest and safest of any from New York to Newfoundland. This trans-Canada highway should be built with special regard for the needs of that neglected part of Canada in Nova Scotia, Prince Edward Island and New Brunswick, so that there would be quick and easy access not only for the people of the United States but for the many thousands of people in central Canada, many of whom today go to the state of Maine and to other places in the United States. They should have the best possible highway in order that they might have access to our great tourist resorts.

I believe the minister should give special consideration to the possibility and advisability of building a short route through the state of Maine. I say that it is a matter which is worthy of serious consideration. I am quite sure that our friends in the United States would lend their co-operation. It would save two or three hundred miles for those who would want to go from central Canada to the maritime provinces and take advantage of our tourist attractions.

I am not going to take up any more time, Mr. Speaker. As I have said, I am in general sympathy with the policy which has been proposed by the minister. There are many features to be worked out. I am confident that the province of Nova Scotia will co-operate with him. Coming as he does from the province of Nova Scotia, he has a special responsibility to see that full consideration is given to the claims of our part of Canada and to what we have done in previous years in developing the highways of Nova Scotia and helping, within our own resources, in relieving unemployment in the days of depression.

In this connection I might point out that today there is, in Nova Scotia, New Brunswick and I presume to some extent at least in Prince Edward Island, a demand for employment which is far greater than this government appears to realize. There is unemployment and distress in parts of the maritime provinces today. It is urgently necessary that work be undertaken on this trans-Canada highway project and on other government projects in order to relieve the distress that is becoming greater all the time in that part of Canada.

Mr. J. H. Blackmore (Lethbridge): Somehow or other, Mr. Speaker, whenever I hear a member from the maritime provinces speak, and I reflect on what has happened to those three noble provinces since they entered confederation, I find myself deeply moved. That is so tonight, as a result of listening to the hon. member who has just taken his seat.

I have long favoured the principle of a trans-Canada highway. Even before I entered parliament I wondered how it was that this matter had been neglected by successive Canadian administrations. I still favour a trans-Canada highway system.

I may say that on July 11, 1947, as recorded at page 5460 of *Hansard*, I raised the question of a trans-Canada highway. I was joined by a number of members, including the then members for Qu'Appelle, Fraser Valley, Weyburn, Swift Current, Macleod, Kootenay West, Kootenay East and Regina City, all supporting the southernmost route of the trans-Canada highway.

As has been mentioned by hon. members who have preceded me, there are three possible routes in western Canada. One of those goes from Brandon to Saskatoon to Edmonton through the Yellowhead pass to Vancouver. Another one goes from Brandon to Medicine Hat, and from Medicine Hat to Calgary through the Kicking Horse pass to Hope to Vancouver.

Mr. Johnston: That is something.

Mr. Blackmore: The other one goes from Brandon to Medicine Hat to Lethbridge through the Crowsnest pass to Hope to Vancouver. This third one is the southernmost route. As I said, the members whose constituencies I mentioned favoured the southernmost route.

I have no desire whatever, Mr. Speaker, to precipitate any unhappiness or discord in the house by advocating any one of these routes. That is not my purpose in rising tonight. Therefore the members who want to start shooting might just hold their fire until they find out whether or not they have something to shoot at.

On April 28, 1949, I rose in the house, as reported at page 2693 of *Hansard*, and delivered a speech in which I advocated that the federal government adopt a policy under which they would provide for the expenditure of one billion dollars in five yearly instalments for the assistance of the provinces in building and maintaining a system of trans-Canada highways. At that time I also advocated the completion of the southernmost route first, and gave the reasons why I believed that should be done.

Trans-Canada Highway

I now desire to congratulate the minister and the Prime Minister (Mr. St. Laurent) on the vision, faith and all-round statesmanship they have displayed in initiating a policy of federal aid for the provinces which is more ambitious and more promising than anything that has hitherto been advocated or suggested in the Dominion of Canada. I believe that their names will go down in history with honour because of this action. I do not believe they have gone nearly far enough, as I shall indicate, but they have made a good start; and because of that they deserve the gratitude of everyone in the Dominion of Canada.

Before I say any more, I believe that I should suggest the principles which ought to underlie expenditures in Canada upon trans-Canada highways. I believe that there should be federal aid for, as I have already indicated, a system somewhat comparable with the inter-regional system in the United States. I believe that the appropriation should be greatly increased beyond what is even dreamed of at the present time, and I believe that Canada is perfectly capable of meeting the commitments under such an increased appropriation. I believe that the dominion should undertake to pay a considerable share of the expenditures during the ten years just past upon highways that, after careful consideration, shall be found to be part of that system. For example, if we are dealing with Nova Scotia and we find that a certain portion of the highways which she has built as a province should be included under the system of trans-Canada highways, then certainly Nova Scotia should, I believe, be reimbursed to the full for the money she has expended in the construction of those highways during the past ten years. That does not need to be all done in one year. It could be done over a period of years, say ten years, greatly to the advantage of the whole of the Dominion of Canada.

I believe that we should broaden the basis of federal support to include not only the construction but the maintenance of highways. As was well developed by the hon. member for Peace River (Mr. Low), the cost of maintenance is excessive. Anyone who has had any experience whatsoever in maintaining provincial highways knows that.

I believe that the next principle is this. We should leave the provinces to determine how and where the money will be spent upon highways that shall have been agreed upon as appropriately constituting parts of the trans-Canada highway system. There are a number of people who seem to think that the provinces are unable to spend the money wisely. All anyone needs to do is to listen to the hon. member who has just taken his seat. All he needs to do is to go into Nova Scotia and see what has been accomplished there with the most meagre financial resources. He will come away with the deepest respect for the people who administer that province and the other provinces of the maritimes. No one can tell me that the provincial governments are not alive and prudent, in a general way at least, in the expenditure of money which comes into their hands. Therefore I say, let the provinces decide where the road is to be built. They will decide. They are interested in the development of Canada just as much as anyone in Ottawa could possibly be.

The hon. member for Assiniboia (Mr. Argue) gave us an idea concerning what the United States has done for highway construction. Probably there are several things I might say which might be in addition to his excellent contribution. I think the hon. member truly gave us a most instructive, informative and perhaps inspiring address.

In the main the United States efforts began with Woodrow Wilson. He encouraged expenditures from the federal treasury for the construction of so-called "post roads". That was a long time ago. The United States has a bureau of roads which co-operates actively with state highway departments. Entirely adequate sums of money are placed at the disposal of engineering staffs of federal and state agencies for preliminary engineering purposes, and thereby serious mistakes are avoided.

In 1941 congress voted $10 million as aid toward planning for primary highways. In 1943 congress voted $50 million for planning of post-war highway work in all the states. If I may suggest so, the federal government in the United States is doing the thing in a big way, in a correct way and in a sound way. Past expenditures on roads between 1931 and 1942 inclusive in the form of federal aid in the United States amounted to $209,327,417 annually, matching equal gross sums from the forty-eight states. Between 1934 and 1942, 2·9 per cent of the total national revenue was spent on roads; ·8 per cent was spent by federal authorities. If this ratio were continued it is estimated that $2,250 million would be provided for highway construction. Whether or not the United States will follow that ratio is not quite clear. In addition to that, they were spending $750 million for a proposed national inter-regional highway system.

I wish to direct the attention of the house tonight, if I may, to that inter-regional highway system, the like of which I believe we should develop in Canada. In fact I believe it is our duty inasmuch as we are jointly

responsible for the defence of this continent. I believe it is our duty to see to it that there is a system of highways in Canada which is comparable with the system in the United States so that the United States people do not need to be worrying constantly over whether or not there are going to be highways up here to enable them to manoeuvre in case of trouble.

How came it about that this national inter-regional highway system was planned? Well, F. D. Roosevelt, on April 14, 1941, set up what was known as a national inter-regional highways committee under Thomas H. MacDonald, commissioner of public roads, to make a survey of the need for a system of express highways throughout the United States. May I suggest that probably the Prime Minister or the minister would do well to do something like that at a very early date in Canada. This committee recommended that the federal government provide $750 million a year to help build 34,000 miles of rural and urban roads to comprise a proposed national inter-regional highway system. On January 12, 1944, President F. D. Roosevelt recommended that congress accept the report of this committee.

The results of this and other United States efforts are shown by figures in a schedule which I should like to have the privilege of putting on *Hansard*. I am not sure whether I shall have permission to do that, therefore I am going to run over hastily some of the figures which are involved. The schedule I have covers the years from 1919 to 1949 inclusive. In those years the United States government spent per capita the following sums of money: 66 cents in 1919—per capita that is. It works out to a lot of money—and in the following years 94 cents, 95 cents, 71 cents, 52 cents, 61 cents, 61 cents, 70 cents, 61 cents, 68 cents, 69 cents, $1.32. A great increase occurred in 1930. In the following years, $1.19, $2.10, $4.37, $1.15, $3.27, $1.12, $1.08, $1.71, $1.72, $1.10, $1.38, $2.70, $1.88, which brought them up to 1943. During the following years the appropriation dropped down considerably, particularly during the war, to 22 cents and probably nothing in the next year. But again in 1946, immediately the war was over, the appropriation rose to $3.71 per capita, $3.65 and $3.51. There is a contribution which I would suggest that the Canadian authorities keep their eye on and do their best. Let Canada have a Canadian inter-regional highway system comparable with that in the United States.

May I say that western Canada is well along towards such a system already. A great amount of construction has gone on in the three prairie provinces and in British Columbia, notwithstanding the relatively meagre resources at their disposal. For example in Alberta: In the first place, the Yellowhead pass road, in the main consisting of the Alberta provincial highway No. 16, runs from Lloydminster to Jasper Park gate, a distance of 360 miles. From Lloydminster to Edmonton it is gravel surface. From Edmonton to Seba Beach it is bituminous. From Seba Beach to Jasper Park gate it is first-class gravel. Much work and great expenditure have been put forth in respect to this highway.

The Kicking Horse pass highway, Alberta provincial highway No. 1, runs from Walsh to Banff Park gate, a distance of 302 miles. From Walsh to Medicine Hat it is low-type bituminous. From Medicine Hat to Bassano it is gravel road, third class. From Bassano to Gleichen it is new grade under construction. From Gleichen to Strathmore it is new grade and gravel. From Strathmore to Banff Park gate it is bituminous surface. The Crowsnest pass route is Alberta's provincial highways Nos. 1 and 3. From Walsh to Crowsnest via Medicine Hat, Lethbridge and Macleod is a distance of 245 miles. From Walsh to Medicine Hat the road is low-type bituminous. From Medicine Hat to Taber it is first-class earth and gravel. From Taber to Pincher Creek it is bituminous, and from Pincher Creek to Crowsnest it is earth grade and gravel.

From these facts it can be readily seen that Alberta is alive right to her fingertips. If the federal government had been half as much alive as the provincial governments have been during the last fifteen years Canada would not have such deficient roads as we have in many cases at the present time. We do not need to worry about putting money at the disposal of governments that have done so much for roads as Alberta has.

Thus far Canada federally has made little or no systematic contribution towards Canadian highways. I said "systematic". There have been contributions. For example, in 1919 the dominion parliament granted $20 million to assist the provinces in highway construction. It was to be awarded on the basis of $80,000 flat to each province. It was limited to 40 per cent of the cost of construction or improvement. One hon. member, I think it was an hon. member representing Newfoundland, pointed out a moment ago that if that province is expected to pay one-half of the cost of the highway in order to get the dominion government to pay the other half, then that province never could build a highway and never could claim the 50 per cent.

Trans-Canada Highway

The minister has a reputation for good common sense. I believe he can see quite clearly what caused the trouble in 1919. It was that very fact. A number of the provinces simply could not possibly pay the money. How could they pay 60 per cent of the cost of an elaborate system of highways in order to get the dominion government to pay 40 per cent? It seems that the Ottawa government has been afflicted with a lack of common sense for a great many years. A pretty good discussion of this whole subject is to be found in the New Brunswick submission to the Sirois commission at pages 44 and 45.

After about four years or five years of trying to put into operation successfully this policy the dominion government abandoned it.

Now, what are the provinces doing this year? What have they attempted to do? Provincial expenditures for highways for 1949, proposed, amounted to $157 million. I am taking figures from a report which appeared in the *Financial Post*, according to information at my disposal.

For Manitoba the amount is $7,400,000. Of this $1,400,000 is for reconstruction, aid to municipalities and school districts. There were 160 miles of main highway to be graded; 65 miles surfaced with asphalt and concrete, Winnipeg to the international line at Emerson; Brandon to the international line at Peace Gardens and Brandon to the Saskatchewan border.

Saskatchewan appropriated $7,400,000, according to this report. It states that $2,500,000 of this was spent for maintenance —and it will be noted that maintenance comes at tremendous cost. There were 400 miles of bus-grade roads, 430 miles of gravel surfacing and 105 miles of bitumen-treated gravel. So Saskatchewan is alive to her fingertips. There is a whole lot more than deadwood in the Saskatchewan government. British Columbia appropriated $13 million on construction, reconstruction and paving. It states that 350 miles were to be newly paved, according to the report when it was made.

Hon. members will be interested to know something about Alberta's recent efforts. I have in my hand a government document, called "These are the Facts". These facts appear at pages 34 and 35, where it states a number of facts concerning the last fourteen or fifteen years of road-building in the province:

Main and secondary highways; miles of work done from March, 1936 to March, 1948:

	miles
Grading	1,922
Reconditioned grading,	844
Gravel	4,207
Asphalt	1,149
Seal coat	645

[Mr. Blackmore.]

To explain what that means, here is a legend which states:

"Grading" is construction of standard earth grade to highways standards.

"Recondition grading" is done when necessary to bring highway up to standard prior to first course or replacement gravel surfacing.

"Gravelled" miles shown consist of first course and replacement gravel surfacing; it also includes the gravelling of highways where locations have been revised.

"Asphalt" miles include "blotter" and light plant mix surfaced highways, most of which were later rebuilt with a six to nine-inch stabilized gravel base and two-inch hot plant mix surface.

"Seal Coat" miles represent gravel chips and asphalt applied to seal plant mix surface.

May I interrupt at this point to say that we have had a great deal of difficulty in Alberta finding out the kind of road we should have for our terrain and climatic conditions. It cost us a great deal to learn these essential facts.

A comparison of main and secondary highway mileages between March 31, 1936, and March 31, 1948, shows the following:

Type	March 31 1936	March 31 1948	Difference
Graded (earth)	767	221	minus 546
Gravelled	2,152	3,258	plus 1,106
Asphalt	92	645	plus 553
Total miles	3,011	4,124	plus 1,113

That is a lot of road-building. The next table shows a comparison of district and local road mileages as at March 31, 1936, and March 31, 1948, as follows:

Type	March 31, 1936	March 31, 1948	Difference
Ordinary road	40,000	42,749	plus 2,749
Graded (earth)	19,373	25,487	plus 6,114
Gravelled	Nil	7,596	plus 7,596
Total miles	59,373	75,832	plus 16,459

The next table shows the amount of road grants paid to municipal districts:

Amount of road grants paid to municipal districts:

1941-42 Fiscal year	$101,290.95
1944-45 " "	468,944.73
1946-47 " "	523,338.99
1947-48 " "	1,038,207.68

From which it can easily be seen that there has been a regular increase to municipal districts. Then, the bridge-building record is as follows:

	March, 1942	March, 1948
Number steel and concrete bridges	170	216
Number timber bridges	1,885	2,611
Total bridges built	2,055	2,827
Number of bridges repaired	1,509	2,192

Hon. members will be able to see that in this respect Alberta is right up in the forefront. My object in pointing out the efforts put forward by Alberta is, as I said, to show that we do not need any governor or overseer from Ottawa to tell the provinces

how to build roads. The people out there know how to build roads, and they do it. All we in Ottawa need to do is to provide them with the financial support, and they will do the rest, and give us a trans-Canada highway system of which we shall be proud, and which will be of great use to us.

Turning again to the matter of the route, I am afraid, from the way many hon. members have been speaking, that we shall argue about the different routes to a point where we shall nullify our efforts. Under no circumstances must that take place. I grant that all three routes advocated by hon. members and throughout the country must be built sooner or later. The Yellowhead route is important for the reasons given by the hon. member for Edmonton East (Mr. Macdonald). Of course it is. No one questions that at all. The Kicking Horse route is important for reasons which will be given by those who advocate that route. Of course it is. And the southern route is exceedingly important, also.

I am not setting forth the reasons why the southern route should be built first in order to antagonize anyone; I do so only that members of the house and the people of Canada should know why I would support the southern route first. Here are some of the reasons:

In the first place it is the most densely populated route, taking into consideration all the various towns—Winnipeg, Brandon, Regina, Moose Jaw, Lethbridge, Cranbrook, Trail, and all the other places along the route. It is asserted by those who have given the matter much study that there is a denser concentration of population along this route than along any of the others. In the second place, it is the greatest tax-producing area. In the next place its industrial importance is noteworthy. For ordinary farming, this district is outstanding, producing all kinds of farm commodities. In addition to that there is considerable oil development. Lumbering flourishes along that route. Fruit-growing is important, as also are mining, smelting, seed-producing and sugar-producing. There are many parks along the route and a great many other features which appeal to tourists.

It is the most direct route from Winnipeg to Vancouver, and is an all-weather route. It will be argued that there are places along it which in the wintertime are likely to become seriously obstructed by snow. That may be said concerning any road which is to cross Canada and go over the mountains, I do not care which one it is. It is something that has to be faced; that should be borne in mind. The route I suggest is close to the United States border and in case any particular section of it should be blocked by snow for three or fours days it would not be a difficult matter to drop down across the line, go along the United States highway, come up the other side of the snow obstruction and go right on through. That advantage is not to be found in connection with any of the other routes. I am not attempting to disparage any other route; I am simply pointing out the advantages that are worthy of note in connection with this southernmost route. It is more nearly an all-weather route than any that can be found in Canada going west from Winnipeg to Vancouver.

There are forty points of entry into the United States not very far from this proposed southern route. Great numbers of United States tourists will come from the large United States concentrations of population across the line. Anyone knows that if a person crosses the border and gets onto a good highway at once he is more likely to go into the hinterland. These are things that I believe should forcibly be brought to the attention of anyone trying to form a conclusion on this matter. This route is the natural entry to most of our parks. Many more things could be said about it, but probably I have said enough. From the strategic point of view it would be extremely important because it offers the most direct and shortest route from Winnipeg west to Vancouver.

Some will say that the Dominion of Canada cannot afford the money, but that is the sheerest nonsense. It has yet to be shown by anyone in Canada that this country cannot afford to pay as much per capita for roads as is paid in the United States. It will be pointed out that the United States has large concentrations of industry, but Canada will have concentrations of industry if we have sense enough to manage the country in the right way. If we adopt measures which prevent the development of industry, we shall never have industry in Canada.

The hon. member for Peace River (Mr. Low) pointed out how the national credit could be used for the building of these roads. This is a feasible means of providing the money. It has been used and it is being used today only we do not call it that. It can be used on a large scale by this country and by that means these roads can be built.

I should like to show hon. members how much would have been paid to Alberta as one of our provinces if Canada had been spending as much per capita on roads as has

been spent in the United States. These are the amounts that would have been paid to that province in the different years:

Year	Amount
1939	$1,351,920
1940	869,000
1941	1,098,480
1942	2,095,200
1943	1,488,960
1944	179,960
1945	.....
1946	2,979,130
1947	3,000,300
1948	2,969,460
1949	3,048,500
	$19,080,910

All that money was not given to the province of Alberta. That is the way it has worked out for us. The hon. member for Assiniboia (Mr. Argue) pointed out what has been spent in Montana and other states along the border. I ask hon. members to compare those expenditures with what has not been spent in Canada. We shall then have an answer for the first two-for-a-nickel politician who comes out from Ottawa to Alberta and sneers about the poor roads in that province and compares them with the fine roads across the line. We shall then have an answer for the shyster newspapers all over the country who do the same kind of thing without having taken the trouble to tell the people of Alberta or Saskatchewan that whereas the United States government is constantly helping the states down there, the Canadian government is doing next to nothing at all to help the provinces up here.

Mr. Byrne: Can the hon. member tell us what the Alberta government collects in the way of licence fees for cars and what is collected by the state of Montana? I do not want the aggregate revenue; I simply want the charge per car.

Mr. Blackmore: If the hon. member asked a minister of the federal government who had all his experts in front of him a question like that it would take the minister some little time to find the answer. The hon. member would hardly expect the minister to be able to give the answer offhand. The Alberta government is using practically all the money raised from motor vehicle fees and all that sort of thing in paying for the debts accumulated for roads by the provincial governments which preceded it. The money was borrowed and spent on roads and the roads have been lost. The Social Credit government were forced to build roads and then at the same time to take care of the debt that had been accumulated. If I had known, I would have come down here fully prepared to answer the hon. gentleman, but I may bring down all this information at a later time and be able to tell him anything he wants to know.

I do not wish to spend any more time on this matter as I shall probably have more to say later on. To summarize: first of all the dominion government must enter the field of highway construction on a far wider scale than it has ever dreamed of doing. I think the hon. member for St. John's East (Mr. Higgins) put his finger right on the pulse of the situation when he said that if we did not build these roads in Canada somebody else would. If it is not the United States it is likely to be the Russians. We can take our choice. I think that is putting it pretty clearly. We just cannot escape the responsibility which rests upon us. Federally we must enter the field in a far more generous manner than we have ever done in the history of this country, than we have ever dreamed of doing.

I am grateful for what the minister is now proposing and I thank him for it in the interests of all the people of Canada, but this is only a small thing compared with what he ought to be contemplating. This may all sound pretty harsh but I am simply stating the facts. I put the figures on record so that we may know that what Canada has done looks extremely meagre and almost contemptible. As I say, the participation must be on a far greater scale.

Second, we must stop trying to decide what particular highway we are going to build and concentrate on the building of a system of highways, not only to go across Canada and be known as trans-Canada highways but to connect up the urban centres in the country, especially those which are situated in what we might term strategic positions. Speaking as a westerner I submit that all over western Canada there should be a system of highways which could be used in case we are called upon in an emergency to defend ourselves.

We do not need to bother about how the money is going to be spent. I believe the four western provinces have shown themselves sufficiently capable of handling money that comes into their hands to justify our placing implicit trust in them. All we need to do is to supply the money; they will build the highways. When they get done we shall have the system of highways that we have all longed for in Canada.

Mr. A. L. Smith (Calgary West): Mr. Speaker, I undertake to finish before eleven o'clock. I think I know what you have in your mind. I only rise to speak so that I may suggest to the minister who has charge

of this matter that under no circumstances should he create a commission with respect to the route of the trans-Canada highway. If he does so he will then be in the difficulty of having all these local geographical positions urged upon him by the members of the commission who of course must come from various parts of the country, and naturally will have the colouring, may I say, of the geographical section from which they come. The problem before us surely is one to be settled by the provinces, and I think that has been the policy of the federal government.

I was greatly interested in an announcement made in Edmonton a short time ago by one who recently occupied the position of minister of mines and resources in this government, and who has now gone to that other place. I assure the minister I do not mean he is dead, but he has gone to that other place. He announced that the matter had been settled some time ago in so far as western Canada was concerned, and that the highway would run via Walsh, Medicine Hat, Calgary, and so on. I greatly sympathize with the hon. member for Edmonton East (Mr. Macdonald) in his endeavour to have the highway built over those swamps extending for 200 miles between Edmonton and Jasper. I have the greatest sympathy with him.

When we speak of a trans-Canada highway being used by tourists, what do tourists come to see? They come to see scenery. The suggestion that any tourist from eastern Canada or the United States should take some highway which avoided Banff and Jasper is on a par with the suggestion that you might as well give your son or your son-in-law the money to visit England for six months and tell him to be sure not to go near London. If he is going to India you may as well tell him to see India, to see Delhi, but under no circumstances should he ever take a look at the Taj Mahal. The matter is just that simple and so utterly ridiculous.

The difficulty is that in the city of Edmonton and the northern part of Alberta members of my party, as well as other hon. members, all ran their election campaigns on one ground, namely, that the highway should not go through Calgary. They adopted that position unanimously. They all knew the situation perfectly well—they had run out of stuff or something of that kind—and the hon. senator certainly knew it at that time when he had charge of the general campaign there. I well remember that a great friend of mine, and a member of my own party, put great advertising splashes in an Edmonton paper saying that if we were elected the highway would go through Edmonton. It cost me several hundred dollars to answer him. They were not elected but I was, and I want to assure him and all the Edmonton people that in spite of the eloquence which was wasted on their desert air—and I use the word quite advisedly—we all knew that the matter had been settled by the Alberta government.

What did we do in Alberta? We were reasonable. We simply joined the governments of Saskatchewan and British Columbia in a most co-operative way and said: You are coming in here and you are coming in there. Certainly we will continue the straight line, which of course we are doing, and thus show the people all the beauties of the Rocky mountains which are not visible on any other route, and I have travelled them all. We are most co-operative. We are doing everything we can to assist the minister, and we will keep on assisting him just as long as he keeps his nose out of our business and lets us tell him where the highway is going. Why shouldn't we? When he is finished who will own it? Are we going to end with a highway in that province owned by somebody else? That is really what the matter is about.

It is a great thing to live in that country; the spaces are so vast. You can start at Winnipeg on any good-sized map and draw a line from Winnipeg through Saskatoon and on to Edmonton. They have an organization there which travelled from Winnipeg to Vancouver by road. They did it to prove it could happen. I must say the basis of their whole equipment was pull-outs and shovels, but they finally got through. I have no idea how long they travelled on the ties of the railroad but they made it in the final analysis.

I said that I would take only a moment or two. Before I sit down may I repeat my advice, if I may use that expression, to the minister. Do not let us have a commission to further confuse the picture. Let him stay in his present position. He has made up his mind that the route is going to be left to the provinces. Thereby he avoids all sorts of difficulties, but even now of course he will have to listen to the eloquence of my very good friends who come from that area which the little town of Leduc has now made known to Canadians, namely, the city of Edmonton.

Mr. Robert Fair (Battle River): Mr. Speaker, before the debate ends I think it is only right that a few words should be said about the practical route. The hon. member for Lethbridge (Mr. Blackmore) put up quite a case

but he wrecked it right at the finish. The hon. member for Calgary West (Mr. Smith) also told us that only on the route via Calgary could you see the scenery of the Rocky mountains. I contend that is a statement nobody but a blind man would make. I want to deal with the arguments made by both these members. I do not think it is right to allow them to stand, when they are without foundation, without at least explaining them to some extent.

On motion of Mr. Fair the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will try to conclude the debate on this resolution. Then we will take up Bill No. 149 with respect to bankruptcy. I understand it is to go to the standing committee on banking and commerce. Then we will resume the debate on second reading of Bill No. 144, an act to amend the Combines Investigation Act. If any time is left we will take up two small bills having to do with the Department of Justice, Nos. 64 and 65.

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

HOUSE OF COMMONS

Tuesday, November 22, 1949

The house met at eleven o'clock.

HOUSE OF COMMONS

REFERENCES TO REMARKS IN DEBATE ON NOVEMBER 21

Mr. George A. Drew (Leader of the Opposition): On a question of privilege Mr. Speaker, on reading *Hansard* of November 21 at page 2000, just after I had presented certain views to you in regard to a discussion which took place yesterday on a point of order I find that words are included which I did not hear. If I had heard them, I would have dealt with them immediately.

Following the presentation of a quotation from Beauchesne's Parliamentary Rules and Forms, *Hansard* reports the Minister of Trade and Commerce, (Mr. Howe) as saying: "Always the slanderer." Since that incident is past, I do not propose to do more than to say that had I heard that statement at the time it was made, I would have taken appropriate action.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a question of privilege. Yesterday in the course of one of the debates I asked whether or not a Mr. John Aird, associated with a certain bill, was the same John Aird who had been called in the Beauharnois investigation in 1931. At the time I asked my question I had been led to believe that such was the case. I now find that it is not the same man, and I feel that it is my duty to withdraw any inference against the Mr. John Aird associated with the pipe line bill in question.

[*Later:*]

Mr. Speaker: When the house assembled at eleven o'clock this morning the leader of the opposition (Mr. Drew) brought to my attention certain words which, according to *Hansard,* were used by the Minister of Trade and Commerce (Mr. Howe). He did not hear the words; I do not think any other hon. members of the house heard them, and in any event I did not hear them. I recall that there was considerable confusion at the time, and the debate was quite heated. Of course the words are unparliamentary. The leader of the opposition did not ask to have them withdrawn, but in the circumstances—

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, in view of the fact that the leader of the opposition withdrew his insinuation that I knew something I said I did not know, I am happy to withdraw the words in question.

Mr. Speaker: Then this will close the incident.

QUESTION OF TRANSPORTATION FOR WESTERN MEMBERS AT END OF SESSION

On the orders of the day:

Mr. G. A. Cruickshank (Fraser Valley): I should like to direct a question to the Acting Minister of Transport about arrangements for transportation home for western members at the end of the session. The reason I ask the question, Mr. Speaker, is that many of us have reservations for the 4th and 5th of December. Obviously the house will not finish its business on December 3. We have been informed by both railways that if we cancel our present reservations we shall get no transportation on either railroad until December 26. We should like to stay here until the end of the session—although I think some members of the government might like to see me go home this afternoon.

Mr. Speaker: Order.

Mr. Cruickshank: This is important to the western members, Mr. Speaker. Through you, sir, I should like to ask the Minister of Transport whether arrangements can be made. I presume that the government and the leader of the opposition want their members to remain until the end of the session.

Mr. Sinnott: Ride the rods.

Mr. Cruickshank: That may be all right for some hon. members from Manitoba; the hon. member for Springfield may have had the experience of riding the rods, but I have not.

We asked this question once before and arrangements were made. No member should have to leave before the end of the session. If a member cancels his reservations he has to stay here until December 26, and no one is going to do that. I should like an expression of opinion from the acting minister.

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I shall be glad to have the officers of the Department of

Transport discuss with the two railways the possibility of putting on additional equipment to take care of transportation for hon. members at the close of the session.

BUSINESS OF THE HOUSE

On the orders of the day:

Hon. Alphonse Fournier (Minister of Public Works): Before you call the order, Mr. Speaker, which was announced last night as the first business for today, I wish to tell the house that the Minister of Reconstruction and Supply (Mr. Winters) will not be here this morning. He is not very well. We would, however, ask the house to proceed, in his absence, with the resolution respecting the trans-Canada highway. I understand that the debate was nearly concluded last night, and we wish to have the bill introduced so that hon. members may study it and have a discussion on the second reading, if there is no objection to that course. I have spoken to representatives of the various parties, and they seem to agree.

Mr. Green: May I ask whether a minister will be available who can answer questions when the resolution goes into committee?

Mr. Fournier (Hull): The minister has no parliamentary assistant, but the debate yesterday ran part of the afternoon and during the evening. The intention is that the bill be read the first time, and members will then have the details of the bill before them. If we do not adopt that procedure, I do not know just what course we can take. I do not know when the minister will be back.

Mr. Harris (Danforth): Perhaps in the meantime the leader of the house will answer the questions.

Mr. Fournier (Hull): I will do my best.

Mr. Green: May I ask the Minister of Public Works another question? Last night the Minister of Reconstruction and Supply (Mr. Winters) undertook to table today further correspondence between the dominion and the provinces concerning the trans-Canada highway. Can the Minister of Public Works make arrangements to have it tabled in the course of the debate this morning?

Mr. Fournier (Hull): I shall get in touch with my colleague's office, Mr. Speaker, and see whether the correspondence is ready. If it is, I will table it.

[Mr. Howe.]

CHINA

QUESTION AS TO RECOGNITION OF COMMUNIST GOVERNMENT

On the orders of the day:

Hon. Brooke Claxton (Minister of National Defence): Yesterday the leader of the opposition (Mr. Drew) asked a question about a meeting of commonwealth high commissioners in London which was said in a newspaper report to be related to the recognition of communist China. Such a meeting took place between the high commissioners in London, as meetings frequently do. At that meeting preliminary views were canvassed regarding the situation in China. The government here was not specially asked to be there. It was a meeting to exchange views in accordance with the practice. Those views were exchanged, but there was no agreement on any common line, and the Canadian attitude would only be made known in consequence of action taken here.

Mr. George A. Drew (Leader of the Opposition): In view of the circumstances, Mr. Speaker, and the importance of the subject, I may be permitted to express an opinion which I feel is appropriate in relation to what has been said.

The statement which has just been made indicates that there was a meeting of high commissioners last Tuesday, as the report stated. The consequences of recognition of the Moscow-dominated communist government of China are so important that before that action is taken the members of this house should be afforded an opportunity to express their opinions as to the course Canada should follow. This might well be a turning point in the whole history of our relationships in the Pacific and with the nations which find themselves in this same position. In view of the statement which has now been made on behalf of the Secretary of State for External Affairs (Mr. Pearson), will the Prime Minister (Mr. St. Laurent), before a decision is made, consider giving the house an opportunity to express its opinion on this subject.

Right Hon. L. S. St. Laurent (Prime Minister): That will depend upon the way in which events develop, Mr. Speaker. We should not like to fix a date for the discussion of the matter until we have more factual background to put before the house than we have at the present time. The situation is still that which was expressed by the Secretary of State for External Affairs. We regard recognition *de facto* of a government as something which can be done only

if certain conditions appear to exist; and at the present time we are not in a position to say which, if any, of these conditions are satisfactorily established. I do not think we should be accomplishing much that would be useful if we were merely to deal with hypothetical cases. At the time we have this discussion we should be in a position to make a positive statement as to what we regard the situation to be. As soon as we have what appears to us to be sufficient factual background, we shall be glad to make that known to the house; and if at that moment it appears to be the desire of the house to have a discussion about it, we shall be glad to arrange for that discussion.

Mr. Drew: I do not wish to precipitate a debate, but I should like to indicate to the Prime Minister why I am raising this question. The occupation of so large a country by a certain type of government, even in what appears to be a civil war, may be an important turning point in the attitude of other nations to one of the big five at San Francisco. I am simply urging that in so important a matter, before Canada is committed to a course from which it cannot turn back, the house should, if possible, have an opportunity to express its opinion.

Mr. St. Laurent: We shall endeavour to do that if it is possible; but I should not like to make any firm commitment, because I do not expect that before the session prorogues there will be sufficient background to justify an attempt to bring before the house the material for a debate, and I should not like to undertake formally that nothing will be done during the recess of parliament if circumstances do develop more rapidly than we expect at the present time.

TRANS-CANADA HIGHWAY

PROVISION FOR FEDERAL CONTRIBUTIONS TO PROVINCES

The house resumed from Monday, November 21, consideration of the motion of Mr. Winters that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to encourage and assist in the construction of a trans-Canada highway and to provide for this purpose that the Minister of Reconstruction and Supply may enter into agreements with any provinces providing for the payment by Canada to those provinces of contributions in respect of the cost of a trans-Canada highway; with provision also for the employment of temporary engineers, technical officers and other employees for the purposes of the act.

Mr. Robert Fair (Battle River): Mr. Speaker, it was not my intention to take part in this debate until I heard some of the speeches last night and arguments on the different routes suggested. The fact that the hon. member for Fraser Valley (Mr. Cruickshank) raised the question which he did a few moments ago makes it all the more necessary that the trans-Canada highway be constructed at the earliest possible moment.

During past weeks there seems to have been quite a good deal of lobbying done on behalf of some of the other routes, particularly the Crowsnest pass route. I notice that circulars have been distributed, and a number of speeches were made last night in favour of that route. Near the end of the discussion last night in favour of that route, the speech of the hon. member for Lethbridge (Mr. Blackmore) buried the argument he had attempted to make. The hon. member buried his argument in snow, where his highway has been for the past number of years and will continue to be in the future. The hon. member said, as reported at page 2049 of *Hansard*:

The route that I suggest is close to the United States border and in case any particular section of it should be blocked by snow for three or four days it would not be a difficult matter to drop down across the line, go along the United States highway, come up the other side of the snow obstruction and go right on through. That advantage is not to be found in connection with any of the other routes.

I suggest to the hon. member for Lethbridge that when he made that statement he defeated any argument he might possibly have made during his detailed address, because he forgot to find out where that possible route is to get down south, and, again, where the possible route is to get back to his proposed highway. We understand that that highway would be very hard to build, and that for many months of the year it would be impassable because of snow. Therefore we can give that south highway a knockout blow and come to the Kicking Horse pass, for which the hon. member for Calgary West (Mr. Smith) put up an argument last night.

The hon. member for Calgary West started out by advising the Minister of Reconstruction and Supply that under no circumstances should he agree to a commission on the route of the trans-Canada highway. Mr. Speaker, in my opinion this is one of the most important matters that should be discussed at the present time, because I do not think that money belonging to the people of Canada will be spent in the wisest way by having things as the hon. member for Calgary West would have them. He said that the highway could go through Calgary. Later he said that the matter had been settled some time ago. He referred to the former minister of trade and

commerce, who has now gone to the other place. Later he said, as reported at page 2051 of *Hansard*:

> I greatly sympathize with the hon. member for Edmonton East (Mr. Macdonald) in his endeavour to have the highway built over those swamps extending for 200 miles between Edmonton and Jasper. I have the greatest sympathy with him.

I now say that there are no swamps there, or none so far as the road is concerned. We have a highway between Jasper and Edmonton. I have travelled over it in my car. I know. Therefore that argument seems to fall to pieces. Then he said, as reported on the same page of *Hansard*:

> The difficulty is that in the city of Edmonton and the northern part of Alberta members of my party, as well as other hon. members, all ran their election campaigns on one ground, namely, that the highway should not go through Calgary.

I have told my people right along that we should have a national highway commission made up of experts in the building of roads. The commission should include engineers who would know exactly what they were doing, instead of, as some other people have said, two-bit politicians who in many cases do not know the first thing about road building. I am still of the opinion that we should have a highway commission made up not of politicians but of roadbuilding engineers who know their business. I think Canada would get great benefit from that.

A little later, again at page 2051, the hon. member, speaking of a certain organization, said:

> You can start at Winnipeg on any good-sized map and draw a line from Winnipeg through Saskatoon and on to Edmonton. They have an organization there which travelled from Winnipeg to Vancouver by road. They did it to prove it could happen. I must say the basis of their whole equipment was pull-outs and shovels, but they finally got through. I have no idea how long they travelled on the ties of the railroad, but they made it in the final analysis.

Again I think that statement is just as foolish as anybody could make it, because we do know that we have travelled from Winnipeg to Edmonton and Jasper on the highway. I have been over it myself. I know that the road is good. I did not have to travel on ties. I do know also that a caravan of fifty cars travelled from Jasper to Vancouver, leaving Jasper on Wednesday and arriving at Vancouver on Friday. I did not hear about any shovels being used on that trip, either. The hon. member for Edmonton East (Mr. Macdonald) can give us the information on that, if necessary, and we can find out if there were any shovels used.

The argument put up by the hon. member for Calgary West (Mr. Smith) fades away into thin air. I say again we should have a commission, made up of competent persons, to survey all the proposed routes, a commission which could make use of the best possible information. The Yellowhead route reaches an elevation of 3,717 at the highest point; the Kicking Horse, 5,337, and the Crowsnest pass, 4,450. Snowfall must be one of the drawbacks on any route chosen. As to the Yellowhead, I understand the greatest danger is at Blue river. On the Kicking Horse I believe there is a stretch of approximately 350 miles which is subject to very heavy snow in the winter months. No matter how well a highway is built; if it is under snow slides or heavy snowfall it is of very little use.

Construction costs on the Kicking Horse route would be higher than those on the other routes. I am doubtful whether it would be possible to have a four-lane highway over this route. The Yellowhead would pass mostly through wide valleys and the cost of construction and maintenance would be much less than on the southern route.

I believe a greater percentage of population would be found on the Yellowhead route than on either of the others. There are many purposes for which the highway should be used, and consideration should be given to these before any route is chosen. We have been told in recent days that we must spend hundreds of millions of dollars for defence. The Alaska highway would appear to be one of the great highways which could be used for purposes of protection in the event of attack. A highway through the Yellowhead pass would give access to the Alaska highway. At the present time we have a connecting route from south to north, and this could be used rather than the one suggested by hon. members who favour the southern routes.

Then again, the Yellowhead route would connect with the two ports of Vancouver and Prince Rupert. That is an important consideration, too. From the point of view of scenery we would have access to four national parks and five provincial parks. This would certainly be worth while from the point of view of tourist traffic.

An investigation into distances discloses that the Yellowhead pass route from Vancouver to Winnipeg is 1,747 miles, whereas by the Kicking Horse it is only 1,695, or 52 miles less than the route which is much easier to construct.

I do not feel that it is necessary for me to say anything further in this connection. In my view a start should be made. I do not think the government's proposal to pay fifty per cent is at all sufficient. I favour the suggestion made by the hon. member for Peace River (Mr. Low) that national

credit should be used for this project. By doing so the government would get away from much of the difficulty to which we have been objecting in the past.

I repeat that I am not advocating acceptance of the Yellowhead route without first having the decision of competent engineers appointed for the purpose.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Fournier (Hull): Mr. Speaker, one word before the motion carries. The moment the hon. member for Vancouver-Quadra (Mr. Green) made the request for the tabling of correspondence I sent a note to my colleague's office in which I stated:

> I understand the minister undertook to file this morning correspondence with the provinces. Would you be kind enough to have these documents sent to me in the house immediately so that I may table them.

I received this reply from the minister's office:

> Upon Mr. Higgins' request for the tabling of up-to-date correspondence the minister agreed it would be tabled today. The correspondence is still in process of being prepared, and will be tabled as soon as it can possibly be prepared.

This note is signed by the secretary. I will undertake at some time today, as soon as the documents are prepared, to table them, so that the hon. member for Vancouver-Quadra will have them for the discussion of the bill.

Mr. Black (Cumberland): I wonder if the minister would check on the correspondence with Nova Scotia. There is correspondence with that province, but the minister has not yet had authority to make it public. This correspondence is important to us, and it is important to all hon. members that it be made available. I would ask that it be checked up, even to the extent of communicating with Nova Scotia to see if they would not consent to release.

Mr. Fournier (Hull): I shall check the matter with the minister's office. I understood, however, that the correspondence to be tabled would be that to which the provinces had agreed. If they do not agree, I would not wish to commit the minister to the tabling of it.

Mr. Black (Cumberland): My request is that a further check be made with Nova Scotia to see if they will not release the correspondence in connection with the trans-Canada highway.

Mr. Fournier (Hull): I will do that.

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

Mr. Drew: Mr. Chairman, I understand the proposal made is that the discussion be deferred, in view of the fact that the minister is unable to be here today. There are, however, certain points which have not yet been covered, and concerning which questions could have been asked at this committee stage, before considering the bill on second reading.

I suggest that on the motion for second reading of the bill the minister should make a statement which would contain, in addition to anything else he may have to say, information as to provisions for maintenance; any information he has in regard to the route to be followed; any information as to other arrangements, if any, beyond the provision of fifty per cent of the cost of construction, and the decisions, if any, which have been made as to payment for past work.

I make this statement now so that it may be communicated to the minister, thus avoiding the necessity of delay later, or the asking of questions on the motion for second reading. An examination of the correspondence demonstrates that no positive decision has been made in this matter. The situation can be fairly well summed up in the letter of September 9 from Premier Smallwood of Newfoundland, who writes briefly that they are desirous of proceeding with this matter and closes by stating:

> This is merely to acknowledge your letter, and to say that we are anxious to be in on any arrangements made at the very outset.

This letter indicates just about how far this matter has actually gone. I urge, therefore, that on the second reading of the bill the minister answer the questions that so far have not been answered.

Mr. Fournier (Hull): I shall draw the attention of the minister to the remarks of the leader of the opposition. I understood that the minister was to make a statement this morning and answer the questions that had been put yesterday. I shall ask him to make that statement on the second reading and give all the information that was asked for in the course of debate.

Mr. Gillis: I judge from the question asked by the hon. member for Cumberland that the correspondence between the department and the province of Nova Scotia is on the secret list. I certainly would like to know what are the views of that province, and I should like to know further what right the premier of that province or anyone else has to designate as secret, correspondence dealing with a matter of national public importance. In the final analysis this is where the decision must remain.

Trans-Canada Highway

The provinces have been dealing with the matter of the trans-Canada highway since the thirties. Large amounts of money have been spent in Nova Scotia, and I think we have a right to know whether the federal government will reimburse that province or whether they consider the relief payments made at that time as part of the financial arrangement. I am prepared to let this resolution go through, because I should like to see the bill; but I want to know what the province has said to this government in connection with the trans-Canada highway, and I shall have a lot to say on the second reading if we have not that information.

Mr. Fournier (Hull): Up until now I understood that the hon. member for Vancouver-Quadra wanted to have tabled the correspondence up to date between the dominion and the provinces that have given consent to the tabling. Another request was made by the hon. member for Cumberland, who insisted that we endeavour to get the consent of Nova Scotia to the tabling of the correspondence with that province. I do not know in what position the correspondence with Nova Scotia is at the present time, and I do not know whether it will be tabled.

Replying to the hon. member who has just taken his seat, I have always understood that correspondence between governments was tabled only after the parties concerned had agreed to the tabling. I shall call the attention of the minister to the remarks of the hon. gentleman. I would not want to say that if the province does not agree we will table the correspondence. The hon. member has referred to the difficulties of the people of that province with their government, but I do not know that I can add anything to what I have said.

Mr. Gillis: My understanding is that in the case of certain interdepartmental correspondence it is considered to be a courtesy to withhold it. I understand also that the only rule as to secrecy of correspondence applies to that between foreign governments and this government. This is not an interdepartmental matter; this is a matter dealing with public funds to be expended on a national project. A minister of the province may wish to keep his negotiations secret, but I submit that he has no right to do so. There is no law that gives him that right. He is dealing with public funds, and there is no law or rule that this government would be breaking if they tabled that correspondence. The information is necessary if we are to make an intelligent decision.

Mr. Fournier (Hull): Will the hon. member agree that if we ask the province once again for permission to table the correspondence, that is about as far as this government can go?

Mr. Gillis: Tell them you are going to table it anyway, even though you do not get permission.

Some hon. Members: No.

Mr. Gillis: It is public property.

Mr. Fournier (Hull): I should like to consult the leader of the opposition to see if he would agree that we should table correspondence with a premier of a province without his permission. For my part, I think that would be going too far.

Mr. Drew: I cannot recall a single occasion on which I was asked to consent to the tabling of correspondence where that consent was not given.

Mr. Fournier (Hull): Perhaps there was not much correspondence.

Mr. Drew: There was extensive correspondence, and a great deal of it found its way into this house. This is a matter of more than casual interest. The point made by the hon. member is an important one. As between national governments, obviously there is a type of correspondence that must be regarded as secret, but as between governments within a federal system there can be no secrecy, because it would all relate to the combined business of government about which the legislative bodies have a right to be informed.

We are dealing here with an attempt to reach a joint agreement in regard to the development of a trans-Canada highway. The discussion which has taken place serves to emphasize the need of getting the dominion and provincial governments together instead of attempting to do this by correspondence, with part of the correspondence being under some limitation as to publication.

Mr. Black (Cumberland): I thank the hon. member for Cape Breton South and the leader of the opposition for supporting the view I expressed with regard to this correspondence. I agree with the hon. member for Cape Breton South when he says that we cannot deal intelligently with this matter unless we have the correspondence. Unless the government of Nova Scotia is able to justify its stand, I do not think I would be warranted in giving my approval to the legislation now before the committee with regard to a trans-Canada highway. Without that information I cannot intelligently come to a conclusion as to what is desirable or practicable in the interests of Nova Scotia. I again ask the

minister to check as quickly as possible to see whether the province of Nova Scotia will not do what seven other provinces have done and release this correspondence so that it will be available to the members of the house.

Mr. Fournier (Hull): I am quite ready to suggest to the Minister of Reconstruction and Supply that when he writes to the province of Nova Scotia he send along a copy of the record of the debate on this matter so that there will be no misunderstanding as to what has been said by hon. members who have spoken. We are just at the resolution stage, and I am not familiar with all the facts. As I said a moment ago, when the bill is up for second reading, answers will be made to the questions asked this morning. When we get second reading of the bill and go into committee, members will be able to secure all the information they want. As to the correspondence between the provinces and the federal government, we will once again ask whether permission can be given for its being tabled.

Mr. Black (Cumberland): I want to thank the minister. I am going to ask that second reading of the bill be postponed until we have the correspondence with all the provinces.

Mr. Fraser: When the Minister of Reconstruction and Supply is answering the other questions, will he also tell us who will have the final say in regard to contracts for construction of the highway?

An hon. Member: The province.

Mr. Fraser: Some people may say the province, but the federal government is contributing fifty per cent of the cost, according to what the minister stated, and it will likely have some say. I do not know that, but I want to find out. Will the federal government have any say about the awarding of contracts?

Mr. Fournier (Hull): I will draw the minister's attention to the question, and see if an answer can be given.

Mr. Blackmore: I was not able to hear all that the leader of the opposition asked, and I should like to have the situation clarified, if the minister does not mind. It is well known that at this stage we could ask numerous questions and elicit information we would all like to have. If the minister sees fit, he can give us permission to ask these questions on the first section of the bill when it is going through committee. Did the leader of the opposition ask the minister if he was willing to grant that privilege? If he is, I see no reason why we should not let this stage go by, because we shall be able to get all the information we need when the bill is going through committee if a certain amount of latitude is permitted on section 1.

Mr. Fournier (Hull): I do not see any objection to that procedure. At this time we are considering the resolution and the expediency of introducing a measure. I know that members could ask many questions. Up to the moment they have asked certain questions, which the Minister of Reconstruction and Supply will endeavour to answer. I do not see why we should try to curtail any debate or cross-examination of the minister on a project of this magnitude. All latitude should be given to hon. members and, if possible, answers should be made to all questions asked.

Mr. Blackmore: Perhaps I did not make it clear to the minister what I have in mind. Is the minister willing to agree that we should have latitude on section 1 when the bill is going through committee, so that we can then have the whole discussion we would ordinarily have at this stage?

Mr. Fournier (Hull): I understand that when the first section of a bill is called there is usually a general discussion, and I do not see any reason why on this bill we should depart from that procedure.

Mr. Fraser: Have we the minister's assurance that we may do that?

An hon. Member: Sit down.

Mr. Fraser: We want to be certain we have that assurance. We have sat down before, and I want to make sure about that point.

Mr. Fournier (Hull): I was taken by surprise this morning when I was asked to see if I could have the resolution put through. I know my good friend from Peterborough West is quite reasonable in everything he does in the house. I think he will say that I am reasonable, and I am ready to suggest to the minister that he should be reasonable in his conduct of the proceedings on this bill.

Mr. Fraser: Very well.

Resolution reported, read the second time and concurred in.

Mr. Fournier, Hull (for Mr. Winters) thereupon moved for leave to introduce Bill No. 194, to encourage and to assist in the construction of a trans-Canada highway.

Motion agreed to and bill read the first time.

Bankruptcy Act

BANKRUPTCY ACT

GENERAL REVISION AND CONSOLIDATION—VARIOUS AMENDMENTS

Hon. Stuart S. Garson (Minister of Justice) moved the second reading of Bill No. 149, respecting bankruptcy.

He said: Mr. Speaker, this is a bill which was prepared about a year ago and introduced in the Senate in the last session of the preceding parliament. It was passed there and then died on our order paper when the house was dissolved. The bill was introduced again in the Senate during the present session, has been passed by that body, and comes to us as a Senate bill.

I have suggested to the leader of the opposition (Mr. Drew), the leader of one of the other two parties, one of the lieutenants of the other leader, and one or two other private members of the house who are particularly interested in the measure, that we may make better progress if we give second reading to the bill without too much discussion, and then, on the report of the standing committee on banking and commerce, which will consider the measure, have any debate in which it might be the desire of hon. members to participate. I may say that all those to whom I spoke were agreed that was the proper course.

I think, however, I should say a few words about the bill. The purpose of it is to revise and consolidate the Bankruptcy Act. It is a matter of putting it into somewhat better drafting form, and consolidating various amendments.

The bill arises out of the invocation by this parliament of its jurisdiction under category 21 of section 91 of the British North America Act, which turns over to federal jurisdiction the subject of bankruptcy and insolvency. The first dominion act was passed in 1869, being entitled An Act Respecting Insolvency. It covered voluntary and compulsory bankruptcies, provided for compositions, and applied only to traders.

In 1875 the law was revised and consolidated in a new act, the Insolvent Act of 1875, which was made applicable to the new as well as the original provinces. This act did not work out satisfactorily, and it was repealed in 1880, following which there was, for a period of some forty years, no general bankruptcy law in force throughout the whole of Canada, and the field was left to such legislation as it was competent for the provincial legislatures to provide. In 1919, however, parliament passed the Bankruptcy Act, modelled on the English statute of 1914. Some amendments have since been made in the Bankruptcy Act to remedy defects that have appeared in practice from time to time. The act now in force is chapter 11 of the Revised Statutes of 1927 as it has from time to time been amended.

In addition I think special attention should be called to the fact that important amendments were made by chapter 39 of the acts of 1932, which established the position of superintendent of bankruptcy and provided for the licensing of trustees by the minister.

It is for the purpose of revising and consolidating chapter 11 of the Revised Statutes of 1927 that the present bill is before us. The main improvements or changes that are being effected by the bill can be listed as follows:

1. The bill provides a system of "summary" administration for small estates, whereby the formalities and expenses are reduced below those considered necessary to safeguard the administration of larger estates.

2. The bill permits a debtor to offer and the creditors to accept a proposal without the debtor going into or being put into bankruptcy. This, in a proper case, is more convenient and cheaper and obviously more desirable for the debtor than the previous situation when the composition had to be preceded by bankruptcy before it could go forward.

3. The bill makes an effort to clarify at least to some extent the vexed question of the priorities to be accorded different classes of claims when distributing the debtor's assets.

4. The bill increases "creditor control" over an estate by vesting directly in the creditors and the inspectors a number of responsibilities and obligations in respect of which they were previously required to resort to the court.

5. The bill is an improvement in respect of drafting and arrangement of sections over the present act, as one would of course expect in the case of any consolidation if it is properly handled.

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, I do not rise to oppose the suggestion of the Minister of Justice (Mr. Garson), but rather to support it. This is a long, complex, and technical bill. The minister has set out carefully the five major improvements that will result from its adoption, and I am sure every hon. member of the house will agree as to the necessity of the five improvements to which he has referred. The bill, when it is submitted to the standing committee on banking and commerce, will be revised there in such further detail as the members of the committee may consider necessary. Certainly to endeavour

to deal with the measure without its being submitted to a committee would be most difficult, if not impossible.

I think mention should also be made of the fact that while on occasions we hear criticism of the other place and its failure to act to the legislative extent of which it is capable, having regard to the ability and experience of its membership, this bill indicates the debt that our country as a whole might owe to the other place if it were given a larger measure of responsibility as a factory for legislation. The bill was considered in the other place by a committee for a period of some three weeks, and the improvements that have resulted in consequence of the work of an able committee of the other place are obvious on even a casual examination of the amendments and suggestions embodied in the bill as it has come to this house. I repeat that I believe what the other place did concerning this complicated legislative subject might well lead the government to place various other statutes, to which I could make reference, before the other place with a view to having them revised, their anomalies removed and the draftsmanship improved.

What has been done in this case underlines the need for an early revision of the statutes as a whole. I realize that work is now being done on that revision, and it cannot be hastened too much. With no revision for a period of twenty years, my hon. friend will agree that the statute law of Canada today is in a position of uncertainty, and often of actual disorder. I think that no greater work could be done, during the period that the hon. gentleman occupies the high position of Minister of Justice, than early completion of the revision of all statutes, and also an early report to parliament by the commission on the revision of the Criminal Code.

Mr. Carroll: Hear, hear.

Mr. Diefenbaker: I appreciate the support indicated by the hon. member for Inverness-Richmond (Mr. Carroll), who has a long and distinguished record of service on the bench of this country. If there ever was a time when assistance could be given by the other place, it is now in connection with the work being done by the commission set up for the purpose of revising the Criminal Code. Indeed I suggested on two or three occasions that, having regard to the ability of all members of the legal profession in the House of Commons, they would have been only too happy to have an opportunity to serve on a select committee of the house to deal with recommendations for revision of the Criminal Code. Such a committee would not interfere in any way with the work being done now by the commission, but there could be placed before it such provisions as the legal members of the house from their experience might believe it to be desirable to embody in the Criminal Code.

Before I sit down I want to say one further word. The step that has been taken of submitting the Bankruptcy Act to a committee of the other place will, I hope, be a precedent, so as to enable outstanding members there to make the contribution to the jurisprudence of Canada they are qualified to make and would be only too glad to make if they were given an opportunity to do so as they were in connection with the measure now before us.

Mr. Donald M. Fleming (Eglinton): There are two points I should like to raise. Happily this is one occasion on which the length of the debate on second reading can usefully be directly in inverse ratio to the length of the bill.

First of all I should like to deal with the principle of the bill. My understanding of the principle, which presumably will be affirmed when the bill is given second reading, is that the Bankruptcy Act should be revised. The principle is just as broad as that. It is not that the act should be revised with a view to facilitating the five immediate purposes that the Minister of Justice (Mr. Garson) cited. In other words, when the bill goes before the banking and commerce committee, as one member of that committee I should like to feel that there is no limitation on the opportunity of members of that committee to put forward any suggestions they may consider profitable for the revision of the Bankruptcy Act in any particular.

I think this is a matter of importance at this stage, because it would be unfortunate if any ruling should be made in the committee dealing with the Bankruptcy Act as to the nature or extent of the principle of the bill agreed to on second reading. Therefore I ask the Minister of Justice if he will give the assurance that the principle of this bill is that the Bankruptcy Act should be revised, and that it is just as broad as that.

The second point I should like to make is this. It has to do with the task that will confront the standing committee on banking and commerce. I join with my colleague the hon. member for Lake Centre (Mr. Diefenbaker) in the tribute he has paid to the work that has been done on this measure in the other place. Nevertheless I think the banking and commerce committee of this house will have to undertake an independent review of the measure.

It is unfortunate that the measure comes before us at such a late stage in the session. The members of the house are carrying an exceedingly heavy load at the present time;

with three meetings a day of the house, and with the heavy volume of work yet to be done, attendance at extended meetings of committees is made difficult. If we are to do justice to this measure and are to conduct the detailed review of it that it seems to me the committee ought to conduct, a great deal of time will be required and a considerable concentration of sittings, the kind of concentration that may keep members in attendance at such committee meetings day in and day out so that the thread of discussion may not be lost. That concentration of sittings will be difficult at this belated stage of the session. I am just mentioning this matter, Mr. Speaker, because frankly at the moment I doubt whether before prorogation there will be time available to make the detailed review of this measure which its importance and complexity warrant and necessitate.

I am sure there will be the utmost disposition on the part of members of the house, regardless of party, to expedite the matter at this time; and in the committee I have no doubt that the members will do all they can to expedite consideration of the bill. I just want to say, though, that I doubt whether there is available in the present session sufficient time within which to make the review of the measure that I think the committee is obliged to undertake.

Mr. Angus MacInnis (Vancouver East): I rise, Mr. Speaker, merely to emphasize the point made by the hon. member for Eglinton (Mr. Fleming). This bill is a lengthy one, and in the fifteen days or so that we are likely to be here I do not think it is possible to give to this bill the attention that it requires. It would be just as well for the government to state now that this is one of the measures they are going to leave over until the next session of parliament, unless we are to remain here and to carry on until the next session is called.

The point made by the hon. member for Eglinton I think is this. At this stage of the session there are so many things coming up all at once—and it was never more true than it is today, with about twenty-eight items on the order paper, each one of which is of importance—that almost all members will wish to be in the house during some part of the sittings. It is impossible for hon. members to be at the same time in the house and in committee on an important bill of this kind. As to those who are members of the committee it will not only take the time that they are in the committee but also time when they are outside of it, if they are to give the necessary study to matters relating to the bill. I suggest to the minister that rather than taking up the time of the house the government might well set this matter aside until the next session and refer it to the committee as soon as parliament opens.

Mr. J. H. Blackmore (Lethbridge): I rise, Mr. Speaker, to associate myself with the words of the hon. member (Mr. MacInnis) who has just taken his seat. It is my impression that the government has committed a serious blunder this session in endeavouring to bring on too many measures of great importance. I should like to request that the minister hold this bill over until the next session. While he is at it, may I suggest that he ask the government to look around for as many more of these bills as could similarly be held over. We cannot cover all these bills if we are to give to them the attention which a house such as this ought to give to them. I have no desire to hold up the business of the house, but as a member of parliament I feel ashamed of myself when I agree, either by actually acting or by not acting, to allow important measures to pass without receiving the attention which I believe their importance warrants.

Mr. W. F. Carroll (Inverness-Richmond): I was going to ask the Minister of Justice (Mr. Garson) if there is any real hurry about having this act amended. If there is not, I agree with hon. members who have suggested that the bill should be held over until the next session of parliament. In my opinion the Bankruptcy Act is the most important one we have on the statute books of this country, inasmuch as it deals not only with bankruptcy itself but with the regulation of business transactions. Unless the members of the committee to which this bill goes are fairly familiar with the Bankruptcy Act as it is at the present time, it will take them at least a solid month of hard work to do justice to the consolidation of this act.

More than that job will come before this committee. I can see that the committee will have to deal with various amendments and delays will inevitably result.

I am not objecting at all to the second reading of the bill, or to the matter going to a committee. But it would be difficult to have the bill reported back to the house this session after full consideration by the committee to which it is to be referred. I should think there would be little time for the committee to deal effectively and efficiently with a consolidation such as this.

Mr. Speaker: If the minister speaks now, he will close the debate.

Hon. Stuart S. Garson (Minister of Justice): I find myself in agreement, Mr. Speaker, with nearly all the views which have been expressed by those who have taken part in

this debate, in spite of the fact that it is the taking of the advice of some of them which results in the criticism of others.

Most of us will agree that the work which the Senate has done on this bill, and which it does on all the measures that are introduced in that body, is of an exemplary character. We are greatly indebted to the Senate for the work which it has done. But we see what happens in a short parliamentary session if we follow the advice of the hon. member for Lake Centre and have a large bill such as the Bankruptcy Act amendment bill introduced in the Senate which has more time to consider these matters than we have, and particularly at the end of the session. Their deliberations resulted in what has happened in the present case, namely, in the bill coming from the Senate to the House of Commons toward the end of the short session. The presentation of the bill in the Senate could hardly have had any other result than that which it has had, because they have given it careful consideration. That has taken time. The bill comes to the House of Commons and is dealt with as soon as a congested order paper will permit. From this house it will go to the banking and commerce committee and be considered by that committee in due course. This result I think was unavoidable because of the introduction of the bill in the Senate. It indicates that with a bill as large as this one proves to be, it may be impossible to get it cleared up in both houses in one short session unless it is introduced first in the House of Commons at a time when hon. members have more time to consider a matter of this kind, so that later consideration may be given to it in the Senate.

Under the present circumstances the government is quite disposed to heed the suggestions that have been made by the hon. members for Vancouver East (Mr. MacInnis), Lethbridge (Mr. Blackmore) and Inverness-Richmond (Mr. Carroll) that the passing of the bill be not pressed. We have no thought that it should be pressed. It is our desire that the duties of the house with respect to the bill be properly discharged, and that the bill be sent on to the banking and commerce committee for careful and adequate consideration. If it cannot be carefully and adequately considered there, it will not be reported back but will be reintroduced at the next session of parliament.

In view of the full and careful consideration which the Senate gave to this bill in its committee, where they heard various delegations, and the fact that many of the difficult points in connection with the bill were threshed out and disposed of, I should think, sir, it might be surprising to hon. members how quickly it can be dealt with in the House of Commons committee. Hon. members, particularly those who are lawyers, will agree that what is required in measures of this kind in connection with difficult points that arise is clear thinking. Once that clear thought has been applied to these difficult problems, the disposition of them at some later stage, even by another body, is facilitated. A great deal of thought has been applied to these difficult problems in the Senate. A great deal of clear thought has been indicated by the various delegations which appeared before the committee of that body. I would hope that in view of the careful consideration which has been given to it by the Senate, and the fact that there are no important changes in the law other than those which I have stated—a matter really of four important changes—it might be possible to dispose of the bill in the House of Commons committee in a much shorter time than the hon. member for Eglinton (Mr. Fleming) thinks will be necessary. If it is not possible to dispose of it properly—and for that the committee will assume responsibility—then of course we have no desire to insist that it be passed at this session.

In conclusion I should like to make a comment on a matter which was referred to by the hon. member for Lake Centre (Mr. Diefenbaker). He said there was nothing that could be done in the Department of Justice at the present time that would be of greater benefit to the country than to revise the statutes of Canada, which have not been revised for upwards of twenty years. He also referred to the necessity of revising the Criminal Code, which has not been properly revised for a much longer period than that. I should like to say, as I am sure that he himself upon reflection knows, that we have been seized of the desirability of the course which he urges, and that in the Department of Justice we have had for some time a committee revising and consolidating the Criminal Code, under the chairmanship of Chief Justice Martin of the province of Saskatchewan. We also have a committee considering the revision of the entire body of statutes of Canada, under the chairmanship of the Chief Justice of Canada, and considerable progress has been made. Indeed the bankruptcy bill is one of the steps in that general revision; because we are trying to have the Bankruptcy Act consolidated and revised with a view to its being then included in a new volume of the revised statutes.

I entirely agree with the suggestion that the hon. member for Lake Centre has made—

so much so that several months ago we initiated action along the lines that he is now suggesting.

Mr. Fleming: Is the minister going to deal with the point I raised? I asked for some assurance about an understanding as to the scope of the principle of the bill.

Mr. Garson: If I failed to deal with that, it was because I thought the point was so obvious that everyone would agree with it. Of course we are here considering the principle of this bill on second reading—as my hon. friend so succinctly put it, that the act be revised. It is a matter almost of coincidence that in the course of that revision the changes which I am speaking about come in. They come in because they are changes which arise out of the attention which is given to revision. I entirely agree with my hon. friend that because these have been included in the opinion of the draftsman as being the changes which are essential, they by no means exclude any changes which hon. members of the committee may see fit to suggest. I think that covers my hon. friend's point.

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

BANKING AND COMMERCE

MOTION FOR LEAVE TO STANDING COMMITTEE TO SIT WHILE HOUSE IS SITTING

Mr. Hughes Cleaver (Halton) moved:

That the standing committee on banking and commerce be empowered to sit while the house is sitting.

Motion agreed to.

COMBINES INVESTIGATION ACT

AMENDMENTS RESPECTING INSTITUTION AND CONDUCT OF PROSECUTIONS, ETC.

The house resumed, from Monday, November 14, consideration of the motion of Mr. Garson for the second reading of Bill No. 144, to amend the Combines Investigation Act, and the amendment thereto of Mr. Drew.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I should like to detain the house, I hope only for a few minutes, on one aspect of this situation. During the time that I have had the honour to sit in this house I have tried to use moderate language, and I hope that nothing I shall say today will indicate that I have changed since I was here last. But it does seem to me that in what has happened in connection with this act we have nothing less than a conspiracy against our constitution, and, as I shall try to show later, conspiracies are much more dangerous when they are carried on by men whom we all know and like and who in the ordinary discharge of their duties are quite free from any suggestion of this kind.

I wish to confine myself entirely to one aspect of what has happened in this situation, namely, what is described in the Bill of Rights as a suspension of the execution of the law.

There have been grave and wise criticisms made in this house already on this point, and I do not intend to repeat them. It seems to me, however, that the public has not registered these criticisms as they should have done. So far as I can see, the press has been very lenient; and while I am not in the position of the great Churchill who in one of his speeches said, "My words will carry far,"—and I do not flatter myself that mine will—nevertheless I wish to put in my word, for what it is worth, in the hope that what I regard as a conspiracy against our constitution may not be lightly passed over by the people of this country.

There is great danger that it should be, because the Minister of Justice (Mr. Garson) and the Minister of Trade and Commerce (Mr. Howe) have been very skilful, may I say, in leading us up blind alleys, and in discussing all other aspects of this situation. We have not, in my opinion, concentrated our minds upon that aspect which to me seems so grave and so serious.

It has already been pointed out by other speakers that what has been done, with one leap of the mind, carries us back to the Stuarts, particularly to the one Stuart who lost his head for suspending the law without parliament. It carries us back also to the declaration of the Bill of Rights, which, we should remind ourselves, is part of the law of this country.

I suppose it is true to say that what this government has done has no precedent since the Stuarts. I have not been able to verify that, but I believe there is little if any precedent in the centuries which have elapsed for what the government has done. It is wise for us to remember the words already used in this chamber by a former Liberal leader, that it does not matter to a free people whether their liberties are invaded by a king or by a cabinet.

I think it would be possible to imagine times so quiet, times so peaceful that subversive ideas could hardly impinge upon our lives at all, and there would seem to be no threatening dangers—times when we might say: Yes, there was a breach of the law, but probably it does not matter much. I can

imagine that if anything like this had happened in the tranquil Victorian days of sixty or seventy years ago—though one could hardly imagine that it could happen then—it would have been difficult to stir up very much interest. People might have said: Yes, that was done; but what is the use of worrying about it? We are living in quiet and peaceful days. There is no real danger to our constitution.

But is that the kind of world we live in today? In this house the other evening we had demonstrated to us the ironical situation of one government department telling us that it could not trust another government department, because the personnel of that other government department had not been "screened" to see whether they were clear of subversive ideas. We approved the necessity of doing that. The minister told us quite frankly that the Department of National Defence was not able to entrust some of its secret work, the making of secret films, to the national film board.

It strikes me there is a certain irony in this screening of civil servants to find out whether they have certain views which might lead them to do something subversive, when this government has itself suspended the execution of the law. I can imagine one of these people saying: Why are you trying to find out whether in certain circumstances I might break the law of this country, when the Minister of Justice, the custodian of the law, has broken it; why ask me what I might do in certain circumstances when he has already done it?

Let me broaden that picture a little. It is impossible to live many hours nowadays without hearing criticism of communism, and the dangers we face. We know those dangers are real enough. Some very wise writers have pointed out that communism, which we regard as bad and diabolical, has in it something that people believe in. One well-known writer in this country not long ago pointed out that we, who confront communism, cannot successfully confront it for long unless we have something to answer it. He said that if we have not some answering faith we are confronting the communist "something" with a "nothing". That was said by a well-known journalist in a speech delivered before the St. Andrew's society in Winnipeg a year ago. I refer to Mr. Bruce Hutchison.

What is our "something"? Well, of course we say that it is Christianity and the Christian way of life. We say that glibly, and I wonder if sometimes in an age of doubt it does not sound hollow to us when we say it. I wonder if people feel so confident, and if they feel that that is a complete answer.

But I would remind the house there is one thing we have which is essentially Christian, one thing which is the very cornerstone of our democratic civilization, and that is the rule of law. It is essentially Christian, because under our system all men are equal before the law, just as the Christian says that all men are equal before God.

We have this principle, and I suggest to the house that it is the very cornerstone of our way of life which we are so fond of talking about. Let me read to the house a few words by a great authority, Dicey, in "The Law of the Constitution", ninth edition, page 193—and I would ask ministers to listen to this, because it applies to them especially. What Dicey says is this:

> With us every official, from the prime minister down to a constable or a collector of taxes, is under the same responsibility for every act done without legal justification as any other citizen.

Let me digress to say that that was very different from the condition in some of the European countries. And when Voltaire visited England two hundred years ago his comment was that while the laws were harsh, they were the same for everybody. That was not true in many parts of Europe. I go on:

> The reports abound with cases in which officials have been brought before the courts, and may, in their personal capacity, be liable to punishment, or to the payment of damages, for acts done in their official character but in excess of their lawful authority.

Will anyone tell me by what lawful authority it was that this act was set aside? I would ask the ministers to read that passage and to consider what their personal liability might be. I do not know what it is; but it is stated there that when a minister breaks the law he has a personal liability.

Let me remind hon. members that in respect of the ordinary citizen the law moves automatically, and it calls him to account for what he has done. But, so far as I understand the constitution, the only bodies that can move against ministers when they break the law is, first of all, public opinion—and I shall come to that later—and, second, this House of Commons, which rejoices in the title of the High Court of Parliament.

Yet I suggest that in spite of all, in spite of the wise things that have been said here, the public of this country has not yet registered what has happened. I said a moment ago it is hard to believe that men whom we like and meet happily and who have much good to their credit could do this wrong thing. And it may be that in some curious way they did not quite intend to do what was wrong.

I have said that the rule of law is the very cornerstone of our civilization. Let us be honest about it. When, as I said a moment ago, we talked so glibly about being Christian, let us look in on ourselves and find out how many of the real principles of Christianity we are prepared to back. But one thing we have—the rule of law established by the wisdom of our ancestors. This we have inherited, and to this we should cling. If the rule of law is gone, what have we left? What is the use of "screening" government employees to see whether or not they might under certain circumstances break the law when at the same time the government has broken the law—and without excuse and without any promise of doing any better in the future?

Let me have a word more about this rule of law. It seems to me it is the binder, the cement of our civilization. What is it that enables us to solve problems which often become bitter, which often become acrimonious—labour problems, racial problems, even religious problems at times? What is it that enables us to solve those problems? In spite of the criticisms and sneers that are made against the courts, the fact remains that there is a deep-rooted feeling in our country that there is a rule of law which is the same for one person as for another. Hon. members will recall that if a poor man comes before the courts faced with something serious such as a criminal charge the court will assign counsel to him. Even those who have as little acquaintance with the courts as I have know that judges are particularly tender and solicitous toward those who come into court without lawyers, to defend their own cases. I think it is one of the glories of our law that that is true.

It is well for us to remember what would happen to a judge if in the administration of his office he undertook to disregard or to break the law. My answer is that the Minister of Justice would deal with him harshly, and properly so. But now the custodian of the law has been found doing this, and what is to be done about it? During the debate the Minister of Justice gave various reasons for doing what had been done. I do not propose to examine them, because they were all irrelevant. Not one of them faced the question that the law had been broken. He discussed the reasonableness of this or that, and eventually wound up at a point which I thought was disappointing. I hardly think it is a travesty to say that the only real reason he gave for breaking the law was that the Minister of Trade and Commerce (Mr. Howe) told him to do it. I do not want to be unfair, but that seems to me to be the real answer. Of course I should add that it was all discussed by the cabinet, so they are all head over heels in it; but I think we can give the honours of the day to the Minister of Trade and Commerce.

[Mr. Macdonnell (Greenwood).]

There was one other thing the Minister of Justice said that troubled me more than any of the other things he said, although they all troubled me quite a lot. Eventually he got almost to the point of saying that anyway they had a large majority. It is always comfortable for a government to be able to say that, and this government does have a large majority. Unfortunately he seemed to imply that somehow or other what happened last June was an endorsement of this government action, but it has already been witheringly pointed out that last June the electors were in the unfortunate position of not knowing about this. I shall not say any more about it.

The minister also suggested that as long as the government had the comfortable feeling that there was still a majority with them in the country, they need not worry. Will you consider what that means? It means that when the people elect 262 members to the House of Commons they are just wasting their time; there is no point in our being here at all, because the government will not pay any attention to us. They offer the suggestion that eventually there will be an election and that will settle the matter. What does that mean? It means in effect that we are to have government by plebiscite which will take place every four years, and in the meantime the House of Commons might just as well shut up shop because it is wasting its time. There is no suggestion by any minister I can find anywhere in the debate that this house has any rights.

For one thing I am very sorry. I think 190 members of this house are going to find it difficult to express their views in this matter. We have not heard from any of them yet, and I am still hoping we shall hear from at least one. I thought perhaps if the hon. member for Quebec South (Mr. Power) were here he might have a word to say for the law, but as he is not, we cannot help it.

One other cynical remark was made the other day—and I suggest that the government need not be too much surprised that these cynical things are said. This, I may say, was said with approval. It was suggested that the government could not afford to make the report public until they had discredited Mr. McGregor.

Mr. Garson: Why does the hon. member give further publicity to a thing he disapproves?

Mr. Macdonnell (Greenwood): I do not understand the question.

Mr. Garson: Why does my hon. friend quote something he disagrees with?

Mr. Macdonnell (Greenwood): I do not always just quote the things I agree with. I believe in telling what other people think as well as myself. I do not understand the question.

Mr. MacInnis: I think the Minister of Justice is asking why the hon. member is drawing attention to the fact that the government broke the law when he disagrees with it.

Mr. Howe: No, no.

Mr. Macdonnell (Greenwood): Perhaps the minister will explain later what he means.

I want to come now to the Minister of Trade and Commerce, because his part in all this is quite interesting. We could call him the villain of the piece, but if the minister regards that as objectionable, we will call him the hero of the piece.

The minister treated this statute as though it were non-existent; but we need not be surprised at the Minister of Trade and Commerce doing that. We all have great respect for the Minister of Trade and Commerce when he operates in his proper line. We all respect the things he did during the war, and we do not think that all the things he has done since the war are wrong—only a percentage of them.

But let us have no illusions about the attitude of the Minister of Trade and Commerce toward this house. He has made it quite clear. First of all he has said that he did not know what the opposition is for, and in saying that I think he expressed his exact feeling. I do not think he does know what the opposition is for, because the minister does not really believe in his heart that the minority should have that chance to express itself which is the glory of our parliamentary system. The opposition is given a chance again and again. The minister really is a man who likes to live in a world where he can say unto one, "Go, and he goeth; and to another, Come, and he cometh". The minister is an authoritarian. If the minister will not object to my saying it, I would say that he is a fascist, a nice fascist, who by chance has got into a democratic assembly.

Mr. Howe: Now that the hon. member has said it, perhaps he had better withdraw it.

Mr. Macdonnell (Greenwood): I shall make any withdrawal the minister wishes, because I do not want to say anything that is in the least offensive to him.

Mr. Garson: Say it and withdraw it.

Mr. Macdonnell (Greenwood): Well, I shall describe the minister as an authoritarian whose mind inclines to a dictatorship form of government. I think the minister clearly indicated that when he said that he did not know what the opposition was for. Indeed I am surprised that the minister questioned what I said, because I thought he would agree with it—not only agree with it, but probably almost boast of it. As I say, we must not complain that the Minister of Trade and Commerce was not worried about breaking the law, because I think he regards the cabinet as a body which goes ahead and does pretty well what it likes and then comes here occasionally and tells us what it is doing. We just have to go on with that as well as we can.

It would not matter so much that we have a Minister of Trade and Commerce who does not understand the processes of democracy, but what really does matter, so far as we can see, is that he is leading this government around by the nose. That is the only thing you can take out of this debate; that is the only thing you can take out of the resolution we had yesterday, which came after the pleasant threat the minister made the other night. The minister does not threaten much; he threatens only when he thinks it is necessary to get his way. I suppose we should be grateful to him for threatening us no more than he does.

Coming back to this legislation, it is interesting to note that all those who have taken part in its preparation were just wasting their time. I think the former prime minister had a good deal to do with this legislation, but he was just wasting his time. When it comes to the point, the legislation which has to do with publication is disregarded.

Now let us look for a moment at this section. I can imagine a section so technical and narrow, and dealing with something so trivial, that the government might well have some justification for saying they would disregard it. Let us assume, for example, that the section provided for publication in one way and the minister decided that publication should be carried out in another way. I think we would have said that did not matter much. But what about this section? Is it trivial? Let me just recall to your minds one thing which has been brought to the attention of the house already; I refer to a remark made in this house by the previous prime minister, when he pointed out—and I think with great truth—that the publicity requirement here was one of the very cornerstones of the act. His words, as I remember them, were that publicity can often be more valuable than penalty. How true that is; yet this

section, which, I think, should be considered as the very cornerstone of the act, is now disregarded.

Now I come to the present Prime Minister (Mr. St. Laurent). If anyone had told me that a great lawyer and great jurist—sometimes the two are different—with his experience as Minister of Justice and all the other qualities we like and admire in him, would do this sort of thing, I would have scoffed at it; I would have said, "Don't be silly; go roll your hoop". But what do we find? Not only does the Prime Minister not join in the criticism, but there is no suggestion of an apology for what has been done. I should like to read what he said, indicating his generous attitude toward the Minister of Justice in sharing responsibility with him. I like that attitude; but I should like the Prime Minister to think something about the people of Canada as well as about the Minister of Justice. What consideration was given them when all this was going on? What does the Prime Minister say, at page 1526 of *Hansard*:

> And I now feel it is only fair to the Minister of Justice that I should inform the house that he had discussed these matters with me, and I had concurred in the line of conduct he was adopting. I should bear, therefore, a portion of the responsibility, if there is responsibility—

That is good; get that.

> —if there is responsibility, for attempting to carry out the implied or expressed undertaking given to Canadian industries.

That was the Prime Minister. These people have been caught red-handed; and when I say "caught" perhaps that is the right word, because it is suggested that if it had not been for Mr. McGregor we might not have known about this even yet. No one can prove that is so, but neither can anyone prove it is not so.

Mr. Garson: That does not stop you from saying it, because it cannot be proved.

Mr. Macdonnell (Greenwood): It is said by serious people; and that is not surprising, because when people see the sort of thing that has been done here inevitably it gives rise to certain suspicion. I regret to say that to the Minister of Justice, because I might add here that I never would have believed he would be a party to this sort of thing. As I said, I feel that this has been a great conspiracy against the constitution; and do not let us regard "constitution" as a long, abstract word. I mean this has been a conspiracy against our way of life, against the method we have adopted of living together. When this breach of the law, this suspension of the execution of the law, is carried out without excuse and without apology—I should not say without excuse, but without reason—it gives rise to suspicion.

[Mr. Macdonnell (Greenwood).]

So far as I can see, there really has been no attempt to meet the real question. The ministers went up various blind alleys, but they did not deal with the real point. I think I am correct in saying that no serious attempt has been made to answer the accusation of suspension of the execution of the law. That is what I mean when I say that I consider there has been a conspiracy against the law; and the worst of it is that the conspiracy has been carried out by men whom we like and want to trust, men of reputation. One of the few Latin quotations I remember from the many hours I spent studying that language is *corruptio optimi pessima*, which means that there is nothing so bad as a very good thing when it is corrupted.

So I say this has been a conspiracy against the constitution. I do not think we would have been so much worried if it had been carried on by a lot of men with no reputation, who could have been easily disregarded by the public, who would have carried no weight. What bothers me is that men of high reputation—and deservedly so—come into this house with no apology to offer for doing what Charles I lost his head for.

Now, Mr. Speaker, I have spoken longer than I had intended; I am afraid perhaps my feelings have run away with me a little, but I do feel very deeply about this. I do not think it is any joke. I thought many of the things that were said in defence of the government's action were trivial in the extreme. As I have said, I believe we are living in a time of danger. The other day I read a book by one of the greatest living scholars in which the future of parliament was discussed. He felt that it was an open question whether parliament and parliamentary government as we have it could survive for very long. He pointed out that it had given indigestion to nearly all the European countries that had tried to absorb it, and that it is in effect over a very small portion of the earth's surface; and I recall once more what I said about communism and the answer to it.

I cannot hope that my words will carry far, but I express the earnest hope that the press, the pulpit and the universities of this country will not let this matter rest, that leaders of public opinion will so deal with it that no government ever again will dare take similar action. This government has given no assurance, no apology, no promise for the future. I hope what has been done here will become sufficiently registered in the public mind so that the expression of public opinion will be such that no government in future will dare repeat what has been done here.

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I have listened with a great deal of interest to the remarks of the last speaker (Mr. Macdonnell) in which he re-echoed, perhaps with somewhat greater skill, remarks made previously in this debate. Before resuming my seat I hope I may deal with this matter in a way that my friend will at least regard as serious. If he did not regard my previous effort as serious, it may have been in part because I was constrained to answer, extemporaneously, criticisms which had been made by members of the opposition after the Minister of Trade and Commerce (Mr. Howe) had succeeded in making, on the motion to go into supply, the statement which from the beginning he thought should be made, coincident with the tabling of the flour report. At that stage members of the opposition entered into the debate, as was their right. That debate required a reply, which it was my task to deliver in the course of some forty minutes. As I then said, it was a difficult thing to do, because several hon. members had spoken; each had presented different arguments, and in forty minutes it was impossible to answer effectively all the arguments they had advanced. Had it not been for the good temper of the house in permitting me some additional time I should not have been able to deal, even inadequately, with the matter of the report itself.

But, sir, I apprehend that I am under no such disability this morning, because on this occasion I am the minister replying to what in substance is a motion of want of confidence in this government, and I am not restricted as to time. Not being so restricted, before I resume my seat I hope to be able to answer my hon. friend's accusations point by point and to convince him, sceptical though he may be, that there will have been a serious attempt to cover all the points which have been raised by various opposition speakers.

In the course of dealing with the way in which this matter has been handled by myself as Minister of Justice, however, I do not want to avoid coming to grips with the real issue presented to the house by the amendment which has been moved by my hon. friend the leader of the opposition (Mr. Drew); and if I may I should like to deal with that matter first.

We have here, first of all, a motion for the second reading of a bill to amend the Combines Investigation Act. One gratifying feature about the proposed amendments to the act is that while members of the opposition have attacked the government on all sorts of other grounds, such as those advanced by the hon. gentleman who has just taken his seat, few if any have criticized government policy as set out in the bill now before the house. Indeed, most of the references in the speeches of members of the opposition would indicate that they are in favour of these amendments. Yet some of them have said they will not support the motion for second reading of this bill but will support the amendment of the leader of the opposition, under which its subject matter would be referred to the standing committee on banking and commerce for recommendations upon what can only be government policy, and also for criticisms of the actions of the government in this connection. Therefore I should like to come directly to the heart of the controversy concerning the flour report itself.

Everyone is agreed, I think, that the report discloses no offence or alleged offence by the milling companies following decontrol. It is true that, coincident with decontrol, right at the time of decontrol, the flour report alleges that an offence was committed against the act; that was in September, 1947.

On the one hand we have the version contained in the flour report prepared by Mr. McGregor. He has said later that he does not place particular emphasis upon this 1947 decontrol agreement; that while it was the uniform increases in prices which he attributed to that agreement which first caused his suspicion that there had been some sort of agreement contrary to the Combines Investigation Act, nevertheless this alleged agreement was regarded by him only one of a series of agreements.

On the other hand, in connection with that same alleged agreement, in my office on October 22 of this year, in the presence of Mr. McGregor, Mr. Donald Gordon and myself, Mr. K. W. Taylor, the present chairman of the wartime prices and trade board, pointed out that at the approach of decontrol this government was greatly concerned about the large increase in the prices of flour and millfeed that had taken place in the United States, and was as anxious as it could be that in this country we should avoid equally large increases. Therefore, though at that time the government had suspended the price ceiling in that industry, Mr. Taylor was instructed to go to Mr. Short, the flour administrator, and tell him that the government would look with extreme disfavour on any undue increase in the price of flour and millfeed then in the process of decontrol, and that the government desired that increases following decontrol in the prices of those commodities, which every informed person regarded as inevitable, should be kept to an absolute minimum.

With that in view, Mr. Taylor, on the initiative of the government and of no one else,

went to Mr. Short and got him to prevail upon his own company, Lake of the Woods Milling Company, to agree to an increase in the price of flour and millfeed substantially below any increase that was under consideration at that time, and of course very much less than the increase which had taken place in the United States and which we were trying to avoid in this country. The suggestion which was conveyed to the industry at that time—

Mr. Diefenbaker: By whom?

Mr. Garson: By Mr. Taylor—was that although the ceiling on flour and millfeed had been suspended, if there were not reasonable co-operation in adhering to the precise prices for both flour and millfeed which had been named by Mr. Taylor, then the government would have to consider restoring the ceiling in order to produce the same result by compulsion, if it could not be secured by the co-operation of the industry.

This request was accepted by the milling industry under protest. My information, coming from people who are competent to express it, is that, as was revealed by the discussions which took place in connection with Mr. Taylor's ultimatum, there was not a firm in the industry at that time which did not intend to increase its prices. Further, my information is to the effect that the increases were not going to be uniform at all, that they all had different ideas as to how much they should get. But not one firm intended to increase its prices by as little as the amounts specified in Mr. Taylor's statement.

At one o'clock the house took recess.

The house resumed at three o'clock.

Mr. Coldwell: On a question of privilege, Mr. Speaker, may I point out that sessional paper No. 53-I, tabled this morning, states at page 3:

> In a file of one of the senior officials of the prices division, I find a note dated June 21, 1943 (copy attached hereto) recording a discussion I had with him dealing with an interview. . . .

And so on. The copy of the document referred to is not attached.

Mr. Garson: I think it was by inadvertence that it was not attached in the office of the Secretary of State. I have a copy here that I will table during the course of my speech. My hon. friend may have this copy.

Mr. Coldwell: Thank you.

Mr. Garson: When the house rose for the one o'clock recess, Mr. Speaker, I was pointing out that Mr. K. W. Taylor, the present chairman of the wartime prices and trade board, had, under government instruction, told the milling companies in September, 1947, at the time of decontrol—which companies, as it then appeared, were going to raise their prices for flour and mill feed —that the government would have to consider the reimposition of ceilings if the contemplated increase exceeded $4.05 per barrel for flour and $10 per ton for mill feed. Mr. Taylor's request on that occasion, I think perhaps a better term would be "direction", was accepted by the milling companies under considerable protest. My information from Mr. Taylor is that there was not any firm in the milling industry that at that time had intended to increase its price by as small an amount as that which was suggested by Mr. Taylor on behalf of the government. But after considerable remonstrance, protest and discussion amongst themselves, the industry accepted this increase.

One of the purposes of the government's direction in this connection was the desire that the indicated relationship be maintained between flour and mill feed prices in order to prevent mill feed prices from mounting to the height at which it was then being sold in the United States. This action upon the part of the milling companies in complying with Mr. Taylor's direction has been designated by the flour report for one, and by the hon. member for Rosetown-Biggar (Mr. Coldwell) in the debate the other day for another, as a breach of the Combines Investigation Act, in spite of the fact that it was the direct result of practically an ultimatum which had been given by the chairman of the wartime prices and trade board to the milling companies through Mr. Short, the flour controller, to the effect that no greater amount than the amount specified would be acceptable to the government, and that if increases in excess of those figures were put into effect the government would have to consider restoring the price ceiling.

I have gone at great length into this matter with Mr. Donald Gordon, the wartime chairman of the wartime prices and trade board, and Mr. Taylor its present chairman on several occasions. Both of these chairmen of the wartime prices and trade board take strong issue with this allegation to which I have referred, as does the government in accepting their views. They contend that any such action as the one which I have indicated taken by industry under the direct domination or direction of the government certainly does not constitute an offence under the Combines Investigation Act. For, sir, if this be an agreement contrary to the

Combines Investigation Act, then it would appear that during the whole period of wartime control any firm or company which in concert with other companies in the same industry agreed to sell its products in accordance with the orders from time to time made by the wartime prices and trade board would also have been guilty of an offence under the Combines Investigation Act.

Mr. Gordon says most emphatically that this was not government policy as administered by the wartime prices and trade board, and we agree with him; because we are quite certain that industry generally would not have given that splendid co-operation which it did give, and which made our Canadian price control system the best system of its kind in the whole world, if the businessmen of Canada had thought that in every move they made in that regard they were breaking the Combines Investigation Act or if the wartime prices and trade board took the position that they were contravening that act.

Of no industry would these remarks that I am now making be more true than of the milling industry; for in the milling industry there was in effect, during by far the greater part of war control, a unique profit-control system under which the industry could not make or lose money regardless of the level at which it sold its products. Therefore it had no money incentive to do other than co-operate with the government by selling its products at or reasonably near ceiling prices.

I have dealt at some length, although I think not at too great length, with this price rise in September because it typifies the cleavage of opinion between Mr. McGregor and Mr. Gordon that has been at the bottom of some of the difficulties that the government has had in this connection. The same cleavage of opinion between Mr. McGregor on the one hand and Mr. Gordon and his successor, Mr. Taylor, the present chairman, on the other, as to whether the milling companies' compliance with the government's direction in September, 1947, constituted an agreement illegal under the Combines Investigation Act, extended to the whole period of the wartime price control over the milling industry.

Again in this larger sphere—that is, the sphere of wartime price control—we accept the opinion of Mr. Gordon and Mr. Taylor and we reject Mr. McGregor's opinion. We do so for several reasons. In the first place, we think there is no one in Canada who can speak with greater authority than Mr. Donald Gordon himself with regard to this period of wartime control. He was the chairman of the wartime prices and trade board throughout most of this period, having working under him as many as eighty odd administrators of various industries. Of these eighty odd administrators he was the master integrator of the policies which all of them pursued. Largely through him were their efforts co-ordinated. He was the one man who carried in his own head a great many of the arrangements made and reported to him by the administrators of all the industries under control, many of whom, being given the free hand, which he was bound to give them, exercised their own judgment as to the way in which they controlled their particular industry. Some of them would be meticulous with regard to written instructions or the securing of agreements and orders in council. Others, according to what he tells me, achieved at least as good a result, and sometimes a better result, purely by oral arrangements from beginning to end.

The second reason that we accept his view is this. It is a most extraordinary thing that, although at Mr. McGregor's request, Mr. Gordon recommended Mr. McGregor while he was still combines investigation act commissioner for appointment as the enforcement officer of the wartime prices and trade board working under Mr. Gordon, and in spite of the fact that Mr. McGregor worked in a dual capacity in this connection, he never went near Mr. Gordon from first to last in connection with the preparation of the flour report. He made no attempt to ascertain from Mr. Gordon whether the statements of wartime prices and trade board policy that are so freely interspersed throughout the flour report were in accordance with what the chairman of the wartime prices and trade board himself thought.

Mr. Diefenbaker: Will the minister permit a question? Would he not think that the then Minister of Justice who had been Minister of Finance would have brought that to the attention of Mr. McGregor?

Mr. Garson: Mr. Speaker, I think it is hardly proper for me to undertake the rather large responsibility of explaining the mental processes of some other gentleman who preceded me in this office. But I might point out in that connection, as my hon. friend perhaps well knows, that under the Combines Investigation Act the commissioner, with regard to the preparation of his report, has the power to initiate it, to conduct the preliminary investigation, and if he thinks it is warranted, to go on and to take every

step right up to the final delivery of his report to the minister without any approval whatever from the minister of the department.

Mr. Diefenbaker: He says that Mr. Ilsley knew.

Mr. Garson: Therefore, it was not necessary for Mr. McGregor to consult the minister. In the strict interpretation of the act it was certainly not the responsibility, and in the strictest sense it might not have been proper for the minister to interfere with the preparation of that report or with the steps which the combines commissioner thought were proper for him to take in connection with the preparation of it.

We are inclined to think that as a consequence of the fact that Mr. McGregor never went near Mr. Gordon in connection with the preparation of the report there are certain references in the report to wartime prices and trade board policy, which it is not the particular function of the commissioner under the Combines Investigation Act to state, and to which Mr. Gordon takes very strong exception. Of course Mr. Gordon also completely dissents from most of the conclusions of the report.

What does Mr. Gordon himself say with regard to the subsidy and proper control arrangements which prevailed in the milling industry that we are discussing? Before I quote Mr. Gordon perhaps I should say a word or two in introduction. The necessity for the subsidy arose because during the time when there was a price ceiling upon most products in Canada the government, for reasons which it thought proper, and which any wheat farmer can readily explain to the curious, thought it was proper to refrain from putting a ceiling on the price of wheat. Therefore the price of wheat was permitted to rise at that time while the price of flour was still under a ceiling. Of course, if the cost of the millers' raw materials rises and the price of their finished product, flour or millfeed, still remains under a ceiling, the millers are bound to be squeezed against that ceiling. I am informed that the milling companies had no objection to the price of wheat being permitted to rise. Their solution for the problem which that rise created was to let the price of flour rise as well. They said they thought that in the circumstances it was only fair to the farmers that there should be a rise in the price of wheat. I think most hon. members would agree with that view. They said that if there could only be a corresponding rise in the price of the products like flour manufactured from wheat, why, it would be fair all round. But the difficulty, sir, was this. I was going to say it is extremely difficult but it is more accurate to say that it is impossible to maintain a general price ceiling without maintaining a ceiling upon the flour which goes into the staff of life. Therefore the government had to find some way of permitting the price of wheat to rise while at the same time seeing to it that the ceiling was maintained on the price of flour.

At this stage I cannot do better than to quote from the statement of Mr. Donald Gordon which is included in the return that I tabled this morning. He says:

> One of the first major difficulties in the maintenance of a fixed price ceiling—

That is, on flour.

> —was the fact that the price of wheat was not held under a ceiling. A great many discussions took place about the effect of this on the prices of other commodities such as flour, mill-feeds and the products of wheat generally. In the first instance, efforts were made to have the millers "absorb the squeeze" in accordance with the administrative practice which the wartime prices and trade board endeavoured to force as a preliminary step in all such discussions. It was soon apparent, however, that the magnitude of the price rise in wheat made such a course impossible, and as a tentative and temporary arrangement, the "appropriate" price of wheat for all domestic use was fixed by the wartime prices and trade board on the basis of 77⅞ cents on No. 1 Northern wheat, and the treasury undertook to pay the difference through the wheat board in the form of a drawback or subsidy.
>
> Under date of October 9, 1942, Messrs. McDonald, Currie and Company, a firm of chartered accountants, were at the direction of the government, employed by the wartime prices and trade board to undertake an immediate examination of the financial and operating conditions of the flour milling industry to determine *inter alia* an appropriate price of wheat in relation to prevailing ceiling prices of flour. In due course their report stated that, "the profit realized on domestic flour under prevailing prices is not sufficient to absorb an increase in the price of wheat over the 'tentative appropriate price' of 77⅞ cents per bushel for No. 1 Northern wheat in store at Fort William or Port Arthur."
>
> The wartime prices and trade board then formalized the appropriate price at 77⅞ cents.

I ask hon. gentlemen to listen to this:

> In the meantime the milling companies were instructed orally by myself and Mr. K. W. Taylor and by other officials not once but several times that they were expected to sell at or close to ceiling prices so as to insure that the drawback or subsidy payments out of the public treasury be kept at a minimum.

May I interject a few remarks in the course of reading this report? The government had carried on long negotiations. They had hired a firm of chartered accountants to determine that amount which it was thought to be advisable to be appropriated from the public treasury to hold the price of wheat for domestic consumption at 77⅞ cents a bushel. Having gone to all that trouble to determine the cost of the subsidies necessary to maintain a named ceiling price for flour they did not

desire to have to pay out tens of millions of dollars in additional subsidies which the federal treasury would have to pay if the milling companies sold their flour at well below that ceiling price.

Mr. Coldwell: Would the minister permit a question? Why is it that there is no memorandum or document supporting that statement to be found in the return—and no minute?

Mr. Garson: I would prefer if my hon. friend would permit me to deal with that as I go along. However I might make casual reference to it at the present time: for the simple reason that it was inherent in this arrangement, and was well known to everyone who participated in it that it was inherent, that if the milling industry provided with this subsidy did not sell their products at very near the ceiling price the government would be involved in very large amounts of money, on top of the subsidy which it was already decided they were going to pay.

I go on with the quotation from Mr. Donald Gordon's statement:

As I have already stated there were a great many discussions not only with the flour administrator and other board officials, the industry and myself, but as well, there were many meetings with the appropriate ministers, other departmental officials and myself on the whole controversial subject of wheat and related prices. In the rush of events, few of these discussions were committed to writing, or if they were I cannot now trace them in the files of the board.

As soon as it became apparent that a drawback or subsidy was essential to maintain the price ceiling on flour and other subsidiary wheat products, it was obvious that millers should not be free to cut prices but should rather maintain existing ceilings in as practicable a manner as market conditions permitted. In due course this understanding was formalized when the "profit control" feature of the subsidy plan was adopted since it then became self-evident that habitual sales below the ceiling could only increase the subsidy. Moreover, by the imposition of this "profit control" clause, all milling profits (i.e. including profits on export business)—

Upon which, I may interject, there was no ceiling. That was the most profitable end of the business, but the government compelled them to pool the profitable export business into its profit-controlled pool in connection with the subsidy to provide wheat at low prices for domestic consumption. Then, to continue with the report it states that all milling profits, including those on export business—

—were brought into the calculation with the result that no agreement in regard to price could have yielded the millers additional profits.

And that is taking into consideration export as well as domestic profits.

In a file of one of the senior officials of the prices division, I find a note dated June 21, 1943 (copy attached hereto)—

And this is the one about which the hon. member for Rosetown-Biggar (Mr. Coldwell) asked his question a few moments ago—

—and recording a discussion I had with him dealing with an interview between the Minister of Finance, Mr. C. H. G. Short, then honorary chairman of the Canadian National Millers Association and later flour administrator of the wartime prices and trade board, in which the obvious need for an understanding on minimum prices was discussed and Mr. Short was requested to present such an understanding to the millers for their consideration. At that time I assured Mr. Short that an agreement of this kind was not in contravention of the Combines Investigation Act.

And, if I may interject: How does one suppose it would be possible to secure the co-operation of an industry in regard to a wartime prices and trade board arrangement if you were telling them that at the same time they would be contravening the Combines Investigation Act? Mr. Gordon's report continues:

(In parenthesis I should perhaps also explain that the structure of ceiling prices in this industry did not lend itself to the mechanics of formal orders for the reason that different ceilings were applicable to different companies in different districts and to different classes of buyers. The "ceiling" principle froze all prices as they existed on the date specified in the wartime prices and trade board regulations. Therefore, the supervision of the actual ceiling prices in the different districts and to different classes of buyers for each district was left to the flour administrator with the general understanding that formulas for agreements were permissible.)

He goes on now to deal with this immensely complicated matter. I go on with the report:

It should be understood that the flour milling industry was always hostile to the administrative procedure whereby the subsidy was paid through them, claiming, quite properly, that the payment was for the benefit of the wheat farmer and domestic consumer and not for the millers. They accepted the procedure which was worked out at the special request of the Minister of Finance. If they had not co-operated, any other procedure would have been so clumsy that I was afraid it could not have been made to work and a damaging breach of the price ceiling on essential supplies would have resulted. It is necessary to re-emphasize, however, that the subsidy or drawback procedure accepted by the millers meant that they were expected by the board to sell at or reasonably close to ceiling prices at all times, since any price cutting would have been at the expense of the public treasury.

The calculations involved in this particular subsidy were of a most complicated nature and frequent revisions of the arrangement were required. The particulars are fully set forth in the following orders in council:

And then he sets out in the report a list of the various orders in council, which hon. members may see.

Mr. Coldwell: Will the minister put on record the other document, because it is a material part of this matter?

Mr. Garson: No, I do not think so, because I have covered—

Mr. Coldwell: This was to be regarded as confidential by both the administration and—

Mr. Garson: Well, perhaps I had better deal with it. My hon. friend questions it, so perhaps I had better. I hold in my hand that to which the hon. member for Rosetown-Biggar has just referred in his interjection. This is a memorandum of a talk which took place with the Minister of Finance, with Mr. Gordon as chairman, and Mr. Short; and to avoid any possible misunderstanding perhaps I should put the whole thing on record.

Mr. Coldwell: Yes.

Mr. Garson: This is the memorandum dated June 21, 1943:

Mr. Short, president of the flour millers association for many years, has been talking to the Minister of Finance and the chairman on the subject of flour millers' profits and stabilization of prices, et cetera:

The chairman—

That is, Mr. Gordon—

—agreed:

(1) that the industry is not being subsidized—

That is, at that time; and—

(2) that it is not his desire to ask the industry to reduce prices or to reduce the amount of drawback which it is presently receiving from the treasury.

As a result of the wheat board's action in stabilizing the cost of wheat for flour millers at 77⅜ cents per bushel, basis No. 1 Northern, Fort William, it appears that the flour millers are obtaining cheap wheat at the expense of the treasury.

It is the chairman's desire—

And in this he was stating the government's desire—

—that the millers should consider seriously refunding to the treasury profits in excess of say 116⅔ per cent of standard profits. By so doing the industry if and when criticized could then say that it was not making excess profits at the expense of the government.

As the present arrangement does not include the W.P.T.B. or the C.P.S.C. it is preferable that any revision should be made through the presently established channels.

Mr. Short is to present the case unofficially to the large millers for their consideration.

I ask you, sir, and through you the hon. members of the house to pay special attention to the next paragraph:

If it is agreed to refund all or a portion of the drawback dependent upon earnings, it is considered that it may be desirable or necessary to place a minimum price on sales of flour in order to prevent any miller from taking undue advantage of the arrangement to reduce domestic flour prices at the expense of the government.

If I may interject for a moment I would say that with a government's ceiling price on flour and with the milling companies' profits under the rigid control that was visualized in this proposed arrangement the milling industry's profits were fixed, and it could not make or lose money no matter at what level its prices were fixed. But what the milling companies could do was to drop their prices lower and lower either to make good fellows of themselves with the consumers or to build up their markets at the expense of the other fellow's market; and the whole of this process could be carried out at the cost of the federal treasury. In peace time if a miller wanted to drop the price of his product in order to get some business away from his competitor he had to pay the shot out of his own pocket. Under a profit control arrangement he could engage in a price war, and finance it at the expense of the federal treasury. Therefore it was to the interest of the treasury that prices should not be cut. One suggestion that was made was that the cutting would be stopped by putting a floor under prices below which they could not go. I refer to that because I intend to come back to it in just a moment. Meanwhile I shall go on with the rest of this statement which reads:

Mr. Sharp of the minister's office is thoroughly conversant with the problem and the chairman has requested Mr. Hart to get in touch with Mr. Sharp to ascertain the background and to develop a suitable formula for application of profit control.

The foregoing is to be treated very confidentially and not made known to either the administration or to the industry at this time.

I asked about that last statement and was told that its significance lay entirely in the circumstances prevailing at that time, that it was desirable at that stage of the conception of a new policy, shall we say, to avoid any misunderstandings through premature disclosures until both sides were able to deal with their own principals.

Mr. Coldwell: But the floor was never established.

Mr. Garson: No, and I am coming to that very point. As the hon. member for Rosetown-Biggar says, the floor was not established, and a great deal has been made out of that fact by my hon. friend, by his colleagues, by the flour report and by other critics of the government. It has been argued that if the government had desired to really impose a limitation in this matter they could have done it quite simply by putting in a floor.

But it was not quite as simple as that. There is a tendency for the layman when dealing with technical matters to look at the outside and assume that, after all, the problem is quite easy and that some apparently simple device like a floor price could cure it without much trouble. I am sure that those who were beset by a number of worries and problems in their duties as

administrators of the wartime prices and trade board would have been glad to have had a simple device like that if it could have been effective. I pointed out, and quoted Mr. Gordon in doing so, that when this ceiling was put on it was not a flat ceiling that would apply to the sales of flour of a certain grade across the country. The ceiling was such that it had the same effect upon the whole complicated price structure of the different companies in the different zones and for different types of customers, even of the same company, as the eruption of Vesuvius had upon the citizens and buildings of ancient Pompeii. Just as that eruption overtook the buildings and citizens of Pompeii as they stood at a certain point of time so the price ceiling in the milling industry "froze" the whole complex price structure in the milling industry as it stood at a certain point of time.

The result was that the highest price at which Lake of the Woods Milling Company was selling to a certain type of customer in, say, Winnipeg was established as the ceiling price for that type of customer in that zone. If that price were unfortunate from that point on it remained unfortunate. In that way a ceiling was frozen on all prices as they stood in the various freight zones, for the various qualities of flour of the various companies to various classes of customers. The effect was that all anomalies—it requires no imagination to realize that there would be many in a price structure of that sort—were frozen.

In this respect the milling industry was different from some of the other industries in that its price structure was an unusually complex one. On its face this freezing order might seem to be a rather extraordinary, anomalous action, by the government. This was explained to me by Mr. Taylor, the present chairman of wartime prices and trade board, when he said that after a great deal of examination they came to the conclusion that by taking any other action they would create more problems for the bakers and other consumers of flour than they would solve for the millers, and that extraordinary as it may seem this price "freezing" device was the proper one to adopt.

Then a word with regard to the suggestion of the hon. member for Rosetown-Biggar, that the proper thing to do was to put on a floor. Let us take a concrete case. Supposing that in a certain zone for a certain type of flour sold to a certain type of customer—

Mr. Coldwell: I did not suggest that they should have put on a floor, I said that they did not put on a floor.

Mr. Garson: I think there is an implication in my hon. friend's argument that—

Mr. Coldwell: No.

Mr. Garson: I want to be fair to my hon. friend and I shall put this to him in the form of a question. Is there not any implication in his argument that the government, if it had wished, could have solved this difficulty at a less cost to the federal treasury for increased subsidies by putting a floor under the price of flour?

Mr. Coldwell: That implication could be taken, but that is not the point I was making. I assume that the government could have protected itself in that way, but it was not done. That was my point.

Mr. Garson: My hon. friend admits the implication. Let us now deal with why it was not done. Let us take a concrete case. Supposing, as I said, that Lake of the Woods' price was $6.50 per barrel at the time of the freezing order, and that Robin Hood's price in the same area was $6.10. I suggest that after the freezing order went into effect the only way in which Lake of the Woods Milling Company could get its share of the business in that district would be by running its price down to the $6.10. It was that process of adjustment all through the industry which in a large part explains the fact that there were substantial sales somewhat below the ceiling.

The wartime prices and trade board had to allow that freedom, otherwise business could not have gone on. One of the main objectives of the wartime prices and trade board policy was that in spite of the fact that they were putting on these controls business still had to go on. The purpose of the whole arrangement was to have business go on. That meant that if there were no floor prices in effect, then such adjustments could take place so that the milling companies could continue to do business along with their competitors. But suppose you put in an order that the minimum floor price for that type of wheat was to be 40 cents under the ceiling price. Since the 40 cents would apply to the ceiling price as it was when the price was frozen, you would then produce a new crop of anomalies at the lower level, and in the course of doing so make it impossible for the Lake of the Woods Milling Company to ever get any share of that business because they could not go through their floor which would be 40 cents under their ceiling in order to compete with the Robin Hood floor price.

I am told and I believe—I think it is a reasonable thing for any group of people to believe—that that is one of the main reasons why the floor price device was not adopted. In the absence of some such practical device as a floor price the administrator and the

chairman were thrown back upon instructions, exhortations and directions to the milling industry to this general effect: We admit there must be some flexibility under an arrangement of this sort or otherwise business cannot go on, but we tell you quite frankly and give you notice that if you systematically sell beneath the ceiling price by unreasonable margins, and thereby involve the treasury in additional expenditures for subsidies in large sums of money we will step in and take some action, probably by reducing the subsidy or increasing the price of wheat.

The hon. member for Rosetown-Biggar (Mr. Coldwell) scored many of the points made by the opposition in this debate, at least the ones which I thought were worthy of rebuttal. Reference was made by him for example to the fact that these milling companies sold ships' stores to government departments at fixed prices. He intimated that was a most reprehensible thing, and in itself was a breach of the Combines Investigation Act because it indicated an agreement to fix prices which was contrary to that act.

In relation to my hon. friend's argument I put to the house what seems to me to be a very simple proposition. If the milling companies, in concert if you like, sold flour to the department of munitions and supply, we will say, at the ceiling price, that department would pay the ceiling price and it would cost the treasury nothing by way of extra subsidy. But suppose the milling companies had followed the course, which the hon. member either stated or certainly clearly implied they should have followed, of selling flour to the department of munitions and supply for the ceiling price less $100,000. Then the position would have been simply that the department of munitions and supply would be in $100,000 and the treasury would be out $100,000 for additional subsidy. If you like you can put it in terms of a bookkeeping entry, debit treasury, credit department of munitions and supply, $100,000. The department's righthand pocket would be out $100,000 and its left-hand pocket would be in $100,000. The milling companies would not make or lose a penny because of the nature of the profit control arrangement which the government through the wartime prices and trade board had imposed on them.

But if these ships' stores were sold to other than the Canadian government, then the situation would not be that treasury would be out $100,000 and the department of munitions and supply would be in $100,000. In such a case the treasury would be out $100,000 and the purchaser of the ships' stores be in $100,000; and the result of my hon. friend's suggestion would be that we the taxpayers of Canada through the federal treasury would be subsidizing this purchaser.

Listening to the uncomplimentary remarks in this matter which have been made concerning the government in general and to a certain extent about myself in particular, I must say I think that anyone with any discernment at all, who had placed on his desk a report in respect of which there were widely divergent views amongst the highest levels of the civil service, would make reasonable attempts to reconcile those views. May I say I have put forth great efforts in that direction. I should like to place before the house today some of the materials which I think clarify to some extent the issues arising out of the conflicting views to which I have referred.

In order to comply with the order for return in the name of the hon. member for Rosetown-Biggar, we have had quite a time going back through the old files of the wartime prices and trade board, to try to get the documentary evidence that we have produced. We found there were serious gaps in some of these voluminous files. In order to check against the wartime prices and trade board files, I asked Mr. McGregor to produce to me from his file copies of any and all memoranda which he wrote, prepared or received in his capacity as an official of the wartime prices and trade board, as commissioner of the Combines Investigation Act, or in any other capacity.

The material I received in reply to my request is most illuminating. It shows not only what was the policy of the wartime prices and trade board, but that Mr. McGregor himself, as the person in whose possession these documents were and from whom they came, must have known what it was. I should like to read into the record first of all extracts from Mr. McGregor's evidence as found in the minutes of proceedings and evidence of the special committee on prices on February 16, 1948, at page 158.

The first selection I wish to read is upon the point that the government encouraged companies in any given industry to organize and to agree amongst themselves in order to deal more effectively with the wartime prices and trade board for control purposes. The excerpt reads:

> Throughout the war years concerted action on the part of producers and distributors was encouraged rather than discouraged by government agencies, and quite properly.
>
> Under a direct control system, quicker and more effective action can be secured if the one controlling agency can deal with a single organization representing a whole section of a trade or industry rather than with a multitude of independent units.

These groups played an important and highly useful part in the wartime control of their respective industries; but the last word, the ultimate control, lay not with them but with government.

That statement by Mr. McGregor is quite correct, of course. Agreements as to prices and so on, which in peacetime were contrary to the Combines Investigation Act, became in wartime desirable rather than undesirable instruments of wartime control and integration under the wartime prices and trade board. As we all know, war is essentially a totalitarian business. You integrate your whole economy for the purpose of delivering the greatest possible blow against the enemy. And the wartime prices and trade board approved, rather than disapproved, of companies in the same industry forming committees to work in conjunction with the wartime prices and trade board officials. I should like now to quote from a letter from the secretary of the commission to H. E. Manning, K.C., of Toronto, dated June 20, 1942:

While it is not possible to state definitely whether any such orders do sanction agreements of the whole trade, it is true that in most instances to date they have met with the approval of a representative group of the trade involved. This follows from the fact that the board has adopted the practice of establishing advisory committees from each trade and industry whose contribution is to make suggestions for economies, standardization and simplifications and to discuss and criticize recommendations of the board or of the administrators. Thus, while many of the orders which have introduced restrictions of competitive practices have originated with or had the approval of a large section of the industry or trade concerned—

And may I interject that they could not have had that approval, the restrictions could not have originated with the industry, unless those in the industry had got together to discuss and agree on what they were to originate or approve.

—it could not be said that they are merely giving recognition to agreements within the industry or trade to restrain competition.

Again I quote from Mr. McGregor's testimony before the prices committee, on the point as to whether direct war control had replaced discipline under the Combines Investigation Act, as follows:

During the latter years of the war, activities under the combines act were largely suspended in view of the establishment of direct wartime emergency controls over practically all branches of industry and trade.

As to the effectiveness of these controls, I quote Mr. McGregor again:

While indirect control by price competition can never be expected to be completely effective, neither can a system of direct price control, even in wartime. Wartime price controls in Canada, direct controls, were singularly successful in spite of stupendous difficulties.

I quote that because it is in direct corroboration of the position Mr. Donald Gordon took in Mr. McGregor's presence at the interview in my office on October 22. Then with respect to the wartime prices and trade board administration succeeding the Combines Investigation Act as the appropriate method of wartime control, in reply to a question by the hon. member for Eglinton (Mr. Fleming) Mr. McGregor told the committee:

The objective of the prices board and the objective of the Combines Investigation Act was the same; to protect the public from improper prices. When the prices board was established it was given such complete powers and such wide powers in the emergency period that it could stop high prices just over night. A directive could be issued as soon as an undesirable condition was found out. Now, we could not take that direct action under the combines act. That is not the appropriate safeguard for a wartime economy.

Then I should like to quote from some of the annual reports of the commissioner under the Combines Investigation Act, with regard to the wartime controls superseding that act. I quote from the report for the year ending March 31, 1942.

Other cases which in the absence of wartime regulations would have been dealt with under the Combines Investigation Act have been dealt with by the appropriate wartime agency.

You will find similar references in the reports for 1943 and 1944. Mr. Donald Gordon told us that one of the reasons why the wartime prices and trade board did not leave behind a trail of orders in council and written directives of one kind and another was that the prime object, to which every other consideration was sacrificed, was more and more production; and that to this end assurances were given—in some cases, where they were demanded, of a formal character but many of which were informal and oral; that anything done by an industry in furtherance of the substance of the wartime prices and trade board legislation would not be subject to prosecution under the Combines Investigation Act.

As far as the milling industry was concerned I suggest that the real test as to whether action by any milling company was in compliance with the objectives of the wartime prices and trade board and therefore privileged under the Combines Investigation Act would be whether it was in substantial furtherance of the substance of the policy of the board. What was the policy of the board? It was to pay a subsidy of a planned amount, which was based upon the investigation made by this firm of chartered accountants. The policy was to fix a ceiling price and, by having the industry sell at or near that price,

to make sure the government would not have to pay any subsidy in addition to that which had been fixed after the most careful calculation. Mr. Gordon says, and the government accepts, because it is obvious, that anything done to this end would be privileged under the Combines Investigation Act. As to whether or not Mr. McGregor was aware of this, I quote from a memorandum from Mr. H. D. Anger, solicitor of the board, to Mr. McGregor, dated February 18, 1942, in reply to a letter from Mr. McGregor:

As you say, the Combines Investigation Act only prevents persons from combining to set prices or take other action detrimental to the public. When prices are fixed or specified restriction or standardization is required by or under the authority of this board, the fixation or requirement has statutory effect and the Combines Investigation Act does not apply, as no combine whatsoever has taken place.

Mr. Coldwell: Has the minister Mr. McGregor's letter, to which this is a reply?

Mr. Garson: Yes, and I will table it with the others. I do not want to read too many extracts. There has been a tendency, more by implication than by direct challenge, to suggest that Mr. Gordon was exaggerating, shall I say, as to the necessity for a large number of oral directions and so on. I should like to read from a letter from Mr. W. H. Howard, who was co-ordinator of the pulp and paper products administration, to Mr. Donald Gordon, setting out the conditions in the industry that he had in charge, which letter I think will make very clear the sort of pressure and the kind of conditions and circumstances under which the administration of the wartime prices and trade board had to be carried on. The letter is dated March 3, 1942, and states:

This is the first occasion on which this matter of conflict with the Combines Investigation Act and No. 489 of the Criminal Code has been put forward in such a formal manner although as I have already indicated to you, the question is constantly being raised by the pulp and paper manufacturers generally.

And further:

In this connection, you must bear in mind that what you now want manufacturers to do, by voluntary agreement among themselves and with your administrators, are precisely those things for which they, or others in similar positions, have been prosecuted in the past by Mr. McGregor and his minions.

Then he goes on to say:

I assume that, by process of blanketing by formal rulings, every agreement reached and action taken in respect of concerted elimination of frills, standardization and simplification, the administrators could provide protection to all concerned,—

We could do this all by a great series of agreements, blanketing the whole thing "but", he said:

—this would involve not only a formidable amount of detail work but would slow things down and impair, if not destroy, the present co-operative spirit and general desire to attain your objectives.

It is surely infinitely better, under existing conditions, to arrive at our objectives by voluntary co-operation than to formalize the program by an elaborate series of orders, directions and rulings issued by the administrators and your board.

In any case, I am not certain in my own mind,—

And Mr. Howard is an able lawyer.

—not having found time or inclination to study the intricate legal questions involved, that a series of administrative rulings or orders would provide an absolute barrier against prosecutions at some time in the future.

In any case, the businessmen concerned are not going to assume avoidable risks and there is no reason why they should be expected to when all that is involved is a conflict of authority between departments of government.

Some suggestion has been made that in questioning the willingness of any company to co-operate in this matter, we are questioning their patriotism. No one would question that. But when the government was stepping into a picture and directing these concerns as to what the government wanted them to do, why should they have to run the risk of being prosecuted by some other department of the same government in respect of the very thing that they did under that direction?

Mr. Diefenbaker: Will the minister allow a question?

Mr. Garson: Yes.

Mr. Diefenbaker: Who could possibly give Mr. Gordon the power to promise anyone immunity from the law? That is just a question seeking information.

Mr. Garson: If my hon. friend will let me leave the answer of that question until later, I shall be obliged to him; I have a letter right on that very point.

Mr. Diefenbaker: All right.

Mr. Garson: There is further discussion on the same point and two separate letters were written. The first one was by Mr. McGregor who, as you remember, was an enforcement officer of the wartime prices and trade board. He dictated this letter for signature by Mr. Gordon as chairman. Then within two or three months afterwards there was another letter on the same point by Mr. H. D. Anger, the solicitor, also written for Mr. Gordon's signature. I am going back to the same correspondence. Mr. McGregor, in the letter which he drafted—and I think perhaps I had better read it so as not to interpret it in any way—says this:

It seems to me that any significant possibility of difficulties such as you suggest—

That is, such as suggested in the letter that I have just finished reading.

—can best be obviated by enactment of duly authorized administrators' orders directing such action as may be required in respect of standardization, simplification and related matters. Under the machinery now set up, such orders can be handled without delay. Action taken by an industrial or trade group pursuant to such orders would not be subject to prosecution as against the public interest. Provision for their formal authorization would seem to be a reasonable precaution to prevent inadvisable arrangements being made in the name of the board without its knowledge and sanction.

In other words, in this letter for Mr. Gordon to sign, he was taking much the same rather technical position that is taken in the flour report that was tabled the other day.

Mr. Coldwell: Were those orders ever formalized?

Mr. Garson: No. This letter was followed up by another letter from Mr. Gordon in the same sequence, written by Mr. Anger and which I will now read. I will not read it all, but merely the relevant parts of it. This is Mr. Anger's statement of the position and I direct this particularly to my hon. friend for Lake Centre (Mr. Diefenbaker).

Mr. Diefenbaker: What is the date?

Mr. Garson: The date of that letter?

Mr. Diefenbaker: Please.

Mr. Garson: The date of it is June 17, 1942. The date of the former letter was April 16, 1942. I direct the attention of my friend, the hon. member for Lake Centre, to this letter because I think it contains the answer to his question as to whether Mr. Gordon could promise any immunity and so on. Of course he could not. But the law could. When a man states the law, he does not promise immunity. It is the law that grants the immunity. This is what Mr. Anger said in his letter:

The regulations have always provided that contravention or failure to observe any regulation or any order is an offence.

That is, any regulation or order under the wartime prices and trade board.

From the foregoing it is seen that it is not only a formal order of the board or of an administrator that must be obeyed, but also any general or specific requirement or instruction of an administrator. It being clear that failure to comply with an order as defined is an offence, it is equally clear that obedience of such an order would be a good defence to any possible action brought under the Combines Investigation Act or the Criminal Code, if there were, in fact, any conflict between such statutes and an order. As has been stated before, however, our legal department and the commissioner of the Combines Investigation Act—

That is Mr. McGregor.

—concur in the view that there can be no such conflict, because orders are in the public interest and there is no liability under the above statutes except in respect of acts which are against the public interest or to the detriment of the public, which is the same thing.

Mr. Coldwell: But no order was issued.

Mr. Garson: Or in other words, Mr. Speaker, where you have an arrangement in connection with the whole milling industry arrived at after a long series of negotiations, based upon an exhaustive inquiry by a firm of chartered accountants, formalized in a succession of orders in council, one of the fundamental principles of which is that the government is not prepared to be mulcted —I think that is not an improper term—in the amount of tens of millions of dollars in terms of extra subsidies to milling companies selling down below the price ceiling, surely under these circumstances you have an obligation in the matter of whether they choose or not to call upon the milling companies to comply with that arrangement; and if they do comply with it, who is going to say, in the face of the letters I have quoted, that they are guilty of any kind of infraction of the Combines Investigation Act? When Mr. Taylor, Mr. Gordon or the administrators, as they did many times, directed these concerns to comply with the arrangements which had been entered into after the fullest consideration, they were not granting any immunity. They were disciplining the industry and telling them that they had to comply with the orders of the wartime prices and trade board. But once they did comply with the orders of the wartime prices and trade board, they should not be prosecuted for doing so.

Mr. Coldwell: But there is no evidence of any orders. That is the thing we are puzzled about.

Mr. Garson: Mr. Speaker, I do not know what orders my hon. friend is referring to.

Mr. Coldwell: Orders with respect to legislative or statutory authority.

Mr. Garson: I do not think that he is challenging for a moment the statements of these men. Not having been in Ottawa myself during wartime I cannot personally vouch for these facts but the arrangements in connection with the milling industry were so well known that I do not think that anyone would challenge them. If my hon. friend wants to know what the legislative and statutory authority was, let him examine these orders in council and he will see the subsidy arrangement set out there. If he has any doubts about that I can lend him the report of this firm of chartered accountants, which shows the basis upon which the amount of the ceiling price for flour was established, and how the millions of dollars of subsidies that this would involve was calculated, how the government would have to pay the amount of

subsidy that they agreed upon in order to hold flour at that price. The government did not want flour to be sold for less than this ceiling price because that would have involved the payment of more subsidies. If the government had intended that flour was to be sold for less than the ceiling price it would have planned to pay more subsidy in the first place; but having fixed both its subsidies and its ceiling price it was basic from that time on that it wanted the industry to sell at, or as close as it was practically possible, to that ceiling level.

I want to lay before hon. members, some of whom have been so extremely critical of our position, the dilemma that this public service disagreement presented to the government. For the sake of argument let us assume that Mr. McGregor is right in his view. But even if he were, this disagreement as to basic facts would place the Department of Justice in an impossible position in the event of our prosecuting. How could we prosecute such a charge if we proceeded to put in the case based upon the flour report and then were confronted with the evidence of Mr. Gordon and Mr. Taylor who could very easily have been subpoenaed for that purpose, and who in their dealings with the flour industry, according to what they inform me, and I believe them implicitly, had time and time again told the milling companies what their position was under the law.

The hon. member for Rosetown-Biggar (Mr. Coldwell) has been questioning our position. I should like to question his for a minute. He says, or inevitably implies, that the course which the milling companies should have followed was not to have sold at or near the ceiling and thereby protected the treasury, but that they should have engaged in competitive price cutting to drive down the price of flour to whatever level to which free competition would take it. Is that a reasonable statement of my hon. friend's position?

Mr. Coldwell: That is a reasonable statement.

Mr. Garson: If it is a reasonable statement, as my hon. friend admits, I suggest that there could be nothing more contrary to government policy and nothing more advantageous to the millers than this very procedure recommended by the hon. member for Rosetown-Biggar. He seems to misunderstand or forget the nature of this arrangement.

Mr. Coldwell: No, I remember very well.

Mr. Garson: The arrangement was that regardless of the price at which they sold their products they could neither make nor lose any money; hence any reasons that they might have had, for example, in peacetime, for reaching an agreement, illegal under the Combines Investigation Act, to make money, simply could not exist under this subsidy arrangement, because they could not make any more money by selling for a higher rather than a lower price. As long as that arrangement obtained the only advantage that they could get was an altogether different one. Not having to foot the bill for any cuts in prices that they would put in effect themselves, they could build up markets at one another's expense, they could make good fellows of themselves with the consumers, entirely at the cost of the public treasury. What my hon. friend and those who take the same position as he does argue is that that is what the millers should have done. Let us look at this proposition for a minute. Let us suppose the companies had followed that course. Suppose they had reduced the price on flour to a much lower level. The consumers would have been quite happy and I suppose my hon. friend would have been happy to see them happy, and the milling companies would have earned his approval by that course of conduct. But in the end, Mr. Speaker, these same happy consumers who got their cheap flour would, in their capacity as taxpayers, have helped to pay the subsidy put up by the federal treasury which made the whole arrangement possible.

That was not done. The milling companies dared not take such a course. They were warned that, if they did, punishment would be visited upon them in the form of a decrease in subsidy or an increase in the price of their wheat. Because they cooperated with the board in not attempting to create good will for themselves with the consumers at the expense of the taxpayers of Canada the flour report says that they should be prosecuted. My hon. friend from Rosetown-Biggar argues that we should reward them for doing what the wartime prices and trade board directed them to do by prosecuting them for an offence under the Combines Investigation Act. Well, sir, we do not think that that would be a conscionable attitude for the government to take, and we are not going to take it. We are not going to prosecute the milling companies for doing what they did in accordance with the subsidy and rigid profit control administered through the wartime prices and trade board.

Mr. Coldwell: That is what the commissioner recommended, not the member for Rosetown-Biggar. The commissioner recommended that they be proceeded against.

Mr. Garson: I am sorry; I accept the correction. I thought that my hon. friend—

Mr. Coldwell: I agree with the commissioner's recommendation. I am pointing out that I did not recommend it.

Mr. Garson: I see; but my hon. friend agreed with the recommendation. Mr. Speaker, I undertook with the hon. member for Toronto Greenwood to deal with the flour report itself in a way that he would regard as serious. I want to do so with all the candor that I can muster. I want to begin by saying that in some twenty odd years of public life I cannot remember ever having encountered a problem in which the combination of circumstances was more unfortunate, unfortunate at the beginning and as it developed. My position was this. After having taken part in two winter by-election campaigns, one in my present federal constituency and the other one in my own provincial seat in support of my successor, I arrived in Ottawa on January 3, 1949, to take up my duties. Three weeks later parliament was to open. In that interval, in addition to familiarizing myself with the operations of the department, including the penitentiaries administration, the Royal Canadian Mounted Police, the Combines Investigation Act and the other branches of the department, and reading the reports of these branches in order to bring myself up to date, there were in the way of legislation to be attended to the Continuation of the Transitional Measures Act, which had a time limit on it because it had to be introduced before existing measures expired, the bill to amend the Supreme Court Act by abolishing appeals to the privy council, amendments to the Exchequer Court Act, revision and consolidation of the Bankruptcy Act, various amendments to the Criminal Code, and the statute law amendments arising out of the terms of union of Newfoundland and Canada, and also amendments to the Judges Act.

Instead of this report being brought to me in person after I turned up in Ottawa it was delivered to my office in Ottawa while I was still in Winnipeg on December 29. Then on December 31, while I was still in Winnipeg—and may I say quite unavoidably in Winnipeg; there is no way that I could have avoided it—and I was not holidaying, or anything of that kind—on December 31, while I was still absent in Winnipeg, the commissioner sent a memorandum to my office in Ottawa. And the time within which publication had to take place had started to run. I was like the sprinter who had the starting gun fired before he had got out of the dressing room. The race was well on before I got to Ottawa at all.

On December 31, still in my absence, I got this memorandum from Mr. McGregor:

> Your reading of the entire report is now out of the question, but I hope you may have an opportunity to run through the concluding chapter which starts at page 263. A summary, such as we usually release to the press when the report is made public, will be prepared shortly.
>
> Section 27(5) of the act requires that the report be made public within fifteen days after its receipt by the minister.

This is all put in to me, with time running on.

> It will not be possible to have it printed within the fifteen days, but we hope to have copies from the printing bureau before the end of January. May I have your authority to have 5,000 copies printed in English and 1,000 copies in French. I would like to have a word with you regarding our practice in printing other similar reports.

Thus, by the time I got to Ottawa, five out of the fifteen days had already elapsed before I was able to see the report physically, let alone to have any time, in the press of other duties, to read it. It came to me in the form of a bulky manuscript consisting of about rather less than three hundred pages of loose sheets of carbon copy, in a loose-leaf binder. There were no copies available; that was the only copy that was ever delivered to me of the manuscript. If I wanted to discuss it with anybody I could not do so until I had read the whole report and had mastered it, so that I could present an intelligent summary—although later on, long after the time for publication had elapsed, I was furnished with the first draft of a press report, which was a summary.

Mr. Diefenbaker: When was that?

Mr. Garson: The draft, do you mean?

Mr. Diefenbaker: Yes.

Mr. Garson: January 24, 1949.

Mr. Knowles: Was that the draft which was released to the press on November 7?

Mr. Garson: No, and I am coming to that. It was not. That is the point. My hon. friend, with his usual discernment, has put his finger right on the point. But his colleagues, and I believe he himself, have been arguing that if I were like the other Stuart, Charles Stuart, I should have my head cut off for not getting this report published by January 13, 1949.

And I am going to lay before hon. members information to indicate that it could not possibly have been done in that time. And when January 13 came along, if I wanted to keep my head—because there was nothing I could do after January 13, 1949, to comply with the law regarding publication—

Mr. Knowles: Hear, hear.

Mr. Garson: My hon. friend says "hear, hear"; I hope he is referring to the accuracy of my statement rather than the sentiment I expressed.

Mr. Knowles: I referred to your head.

Mr. Coldwell: We would have given you reprieve to April 1.

Mr. Garson: When I came here there was a great accumulation of matters awaiting my attention on my desk. I had been sworn in in November 1948, and it was my duty to attend to these matters. I could not expect anybody else to look after them. I had been away for some considerable time in these by-election campaigns. So I addressed myself to dealing with these matters on the basis of their relative urgency—and many of them were exceedingly urgent—and disposed of them as quickly as possible.

I am not going to suggest that, working at very high pressure in a number of fields for long hours every day, I can at this time remember with any accuracy at all what I did on any day or even any week in January 1949. But I think that it is highly probable that the time for publication under the statute had already expired before I ever got to the point of reading the report at all. And I say that because Mr. McGregor, upon whom I have to rely for these matters, and who is a very competent and methodical man, kept a record of the various steps which show that the first date upon which he and I discussed the matter of publication was January 22, 1949, some nine days after the time limit for publication. And my head was already worthless by that time. The offence of not publishing by January 13, 1949, had been committed.

Mr. Knowles: You thought you might as well have it cut off for a sheep as a lamb.

Mr. Garson: No, I do not agree with my hon. friend's unprincipled suggestion. I am going to outline the reasons which were to me—they may not seem to my hon. friends to be conscientious reasons—but they still seem that way to me, even in retrospect. And it was not because I thought I might as well be hanged for a sheep as a lamb.

I would like to say—and I think most hon. members would agree—that I had had nothing whatever to do with this flour report before. I was not in Ottawa when the inquiry was started. I did not know that there was such a thing as a flour report until I came here, and probably until after the time for publishing it had expired. Under those circumstances I do not think it was fair to expect that I would rush away and sign an authorization to publish, without wanting to know what it was that the government was publishing over my signature. And if it had been possible—

Mr. Knowles: May I ask a question?

Some hon. Members: No.

Mr. Garson: Yes, all right.

Mr. Knowles: The commissioner's memorandum which the minister read asked for the minister's authority, not to publish it, but just to print it.

Mr. Garson: No, no; it must be published.

Mr. Coldwell: The publishing is automatic.

Mr. Knowles: The law requires the minister to publish it. The only point in the commissioner's memorandum was to get authority to have it printed.

Mr. Garson: No; *Hansard* will speak for itself. He was referring to section 27 (5) which is the section in question requiring publication.

Mr. Coldwell: But it does not require ministerial authority to publish, does it? Under the statute it must be published within fifteen days.

Mr. Garson: I hope my hon. friend is right, because if it does not require ministerial authority there is no responsibility upon me.

Mr. Coldwell: Except that it was held over until this month.

Mr. Garson: No; well, if my hon. friend will just let me develop my own argument as I go along—

Mr. Coldwell: All right.

Mr. Garson: In respect of a report, of which everyone must have known I had no previous knowledge, if it had been possible for it to have been delivered for me to read, after I had got over the press of this accumulation of duties when I got back to Ottawa, so that I would know what I was doing, I would then be quite willing to accept all the criticism levelled against me.

But here was a matter with which I had nothing to do before; I knew nothing at all about it. I came down here to a heavy accumulation of work, much of it extremely urgent; and in the mass of this material, buried somewhere, was a report and this memorandum of December 31. And when I got to the report which, as I say I am morally certain was after the time for publication had already expired, I felt: Well we could not then comply with the act and I had the feeling that I would like to read the report in order to get some sort of idea as to what it was that I was publishing. Moreover having regard to the fact that I had not

been in the government during any period covered by the report, I thought that it was reasonable that I should take it in to some of my colleagues who had been and get their views on it. If hon. members who have been criticizing me have read the report, which I think in some cases is perhaps doubtful, they will have some idea of what a chore it was for a man extremely busy in other respects to read some three hundred pages of carbon copy.

Mr. Diefenbaker: There is no provision for reading it, just a provision for publishing.

Mr. Garson: I know and I could have blindly signed the authority for the publication and let it go at that.

Mr. Knowles: Would the minister say whether at any point when he was thinking about this matter in January he saw anything in the law that gave him any authority not to publish it?

Mr. Garson: No. Let us take some particular point of time, let us take January 22 when according to his memorandum the publication was first discussed by the commissioner and myself. I think both hon. members will agree that on that date it was no longer possible to comply with the act.

Mr. Knowles: Your head was gone.

Mr. Garson: My head was gone. I still think I was right, but perhaps I was wrong, when I felt that before I made a move at all I should discuss with my colleagues this report which was produced in wartime. I think the wisdom of that course made itself apparent for reasons which I shall disclose as we go along. That is what I did. Here is some of the vindication for the course that I followed. The hon. member for Winnipeg North Centre asked if this was the same report that was tabled and I said it was not.

After I got the report certain changes had been made. May I say as emphatically as I can that they were made without any instigation or suggestion of any kind by me. I did not suggest them; I did not initiate them; I had nothing to do with them. They were made by Mr. McGregor as commissioner.

Mr. Diefenbaker: When?

Mr. Garson: Those that were made on page 36 of the report were made between January 3 and January 7; on January 18 three paragraphs were deleted from the manuscript that had been sent to me; on January 18, 1949, five paragraphs were added and these appear at pages 115 and 116 of the printed report; on February 23, 1949, there was an insertion which appears on page 113 of two additional paragraphs in the brief of the Maple Leaf Milling Company; on February 23, 1949, there was an addition of a paragraph (f) as marked in the copy and as appearing on pages 114 and 115 of the printed report.

Mr. Drew: I should like to ask a question which may clarify things. Were these changes made as the result of discussions with and suggestions by the commissioner?

Mr. Garson: These changes were made by the commissioner. In fairness to him I should say that when he made them he told me that it was the practice in these cases to have changes of this character made between the time the report was delivered and the time it was printed. I could understand that, with regard to some of the changes, such as those on page 36 which are more or less word changes.

But one of the changes, as it happened, was a matter of great importance because it inserted in the report a section dealing with this whole subsidy and price control arrangement which is the absolute basis of the controversy between Mr. Gordon and the commissioner under the Combines Investigation Act. That is the paragraph to which the hon. member for Rosetown-Biggar referred and which he quoted so triumphantly when he said that it was the answer to the minister's objection, meaning myself. That was added.

The report which is the topic of discussion in this house is not the report that was sent to my office on December 29. Changes had been made, some of them being exceedingly material.

Mr. Diefenbaker: What was the change on page 36 to which the minister has referred?

Mr. Garson: The words "it can only be concluded" were struck out and the words "there is justification for at least a strong presumption" were substituted. It was a watering down of the deduction.

In the first draft of the report Mr. McGregor had left out a reference to the subsidy and profit control arrangement. As the leader of the opposition correctly surmised, as a result of discussions which I had with him, based in part upon observations that were made to me by my colleagues in cabinet council as to what had taken place during the war period and of which I knew nothing, he inserted that paragraph in the conclusions dealing with the subsidy and profit control arrangement. They will be found where the hon. member indicated at page 114.

I suggest that the report was not complete; there were important omissions from it at the time that it was delivered to my office in my absence. If I had wanted to adopt an uncandid attitude, if I had wanted to mislead the

house in any way it would have been possible for me to have put the interpretation upon what had happened that I had not got the report at all on December 29, that the report had come along at some later date, as in fact is the actual case. When the question was asked in the house to be perfectly frank with the house I did not remember when it had come in. But the formal covering letter on my file indicated the date as December 29. I passed on that information because I believed it was absolutely correct, and so it was in the sense that this letter did enclose what purported to be a flour report.

Mr. Knowles: Would the minister indicate the date that he would regard for his purposes as being the date on which the report was finally received?

Mr. Garson: I intend to do that as I go along. There were the changes that I spoke of. Other discussions took place at various times during the spring and summer months in connection with the report. Again I want to emphasize that at no time have I ever made the slightest suggestion to Mr. McGregor that he change the report, that he play anything down, that he play anything up, that he add anything to it or that he withdraw. I have not made that suggestion directly and I have taken good care that I did not make it indirectly to be passed on to him through somebody else. By this time I was beginning to have some apprehension about this matter.

Mr. Harkness: Rightly so.

Mr. Garson: While I was most anxious, as I think any hon. member would be if he had been in my shoes, that these divergences of opinion at a high civil service level should be reconciled in some way in a report wherein there would be no disagreement evidenced by two divergent opinions, I did not attempt to suggest to anybody that that should be accomplished in any other way than by the free exercise by Mr. McGregor of the absolute discretion which is vested in him by the statute in respect of this report.

Mr. Diefenbaker: Did he never suggest publication?

Mr. Garson: Of course he did. I have just finished telling my hon. friend we discussed that on January 22. I may say that, notwithstanding Mr. McGregor's observing that we had already passed the time for publication, the fact that we did not publish at least enabled him to make amendments to the report.

Mr. Coldwell: When was the last amendment?

Mr. Garson: February 23, 1949.

[Mr. Garson.]

Mr. Knowles: While parliament was in session.

Mr. Garson: That is right.

Mr. Drew: That was after the dental judgment, was it not?

Mr. Garson: No, the dental judgment was on February 28, and we did not hear about it until a few days afterwards.

Mr. Diefenbaker: Mr. Speaker, if that be so, I would just ask the minister this—

Mr. Howe: What is this?

Mr. Diefenbaker: I have not asked the Minister of Trade and Commerce (Mr. Howe) anything.

Mr. Howe: I happen to be leading the house at the moment. Suppose my hon. friend asks his question.

Mr. Diefenbaker: I was going to, but you interrupted, and apparently interrupted my hon. friend before. The question I want to ask concerns the explanation the Minister of Justice (Mr. Garson) gave for not publishing the report, namely, the outcome of the dental case in Ontario. Why did he give that explanation when the dental case had been concluded at that time?

Mr. Garson: If my hon. friend will just contain himself, in due course I will trespass upon his attention to bring out that very point. This is by no means a simple matter, and I think that I would make better progress if questions were not quite so frequent.

Mr. Knowles: Or so pointed.

Mr. Diefenbaker: You might make a better explanation.

Mr. Garson: I was hopeful until the very end, and perhaps wrongly so, that Mr. McGregor would at least record, in an addendum to the report if not in the report itself, the views of the wartime prices and trade board officials, Mr. Gordon and Mr. Taylor, which were so inconsistent with his own, in order that the report with an addendum of that sort would be a document setting forth completely all of the relevant facts concerning the matter with which it dealt. The final attempt at reconciliation of these viewpoints took the form of a lengthy three hour meeting held in my office on Saturday, October 22, attended by Mr. McGregor, Mr. Gordon and Mr. Taylor. I have been informed within the last few days that subsequent to this meeting Mr. Taylor—and again may I emphasize absolutely on his own responsibility and without the slightest suggestion from myself —went to Mr. McGregor on October 26 and urged that he should at least insert in the report an additional page or two setting forth

clearly the considered explanations and the categorical statements to Mr. McGregor by Mr. Gordon, in the meeting of October 22.

I am told Mr. McGregor was reluctant to do this, but he said he would think it over. On Saturday, October 29, Mr. McGregor telephoned Mr. Taylor and said that he was not prepared to make any changes or additions. It was only after this event that it was clear that Mr. McGregor desired to make no further changes, and I tabled the report on Monday, November 7, 1949.

Mr. Coldwell: At the request of my colleague and myself. It was not tabled spontaneously by the minister but at the request of members of the house.

Mr. Garson: I think technically my hon. friend is right, but I hope he will accept my statement that we certainly would have tabled it in any event, because that is the case. My hon. friend is right in saying that his request preceded the tabling, but this is not a case of *post hoc ergo propter hoc*. At the same time we introduced the amendments to the Combines Investigation Act now before the house.

Let us now go back and cover some of the points raised by previous speakers. Let us deal first of all with the matter of the offence with which I am charged of not seeing that the report was published within fifteen days from the time it was delivered to my office on December 29, 1948. As I have already indicated, this was physically impossible under the circumstances which I have outlined.

Nevertheless the point was raised by other discerning speakers as to why it was not published as soon as possible after January 13. That is a question which deserves the full and serious answer which I shall now try to give it.

As soon as I took the report to cabinet council, I encountered at once, as has already been made apparent in the exchanges which have taken place concerning this matter, strong disagreement not as to policy but about the facts relating to whether the acts done by the milling companies under the direction of the wartime prices and trade board were exempt from prosecution under the Combines Investigation Act. Strong exception was taken to Mr. McGregor's contention in the report that the milling companies had been guilty of an infraction of the Combines Investigation Act during wartime control. Those who professed that view seemed, in my opinion, to have good grounds to know the facts as to what the milling companies had done during this period under the direction of the wartime prices and trade board. They felt that it was most unfair for one department of the government to be recommending prosecution of citizens of the country in respect of what they had done to comply with regulations and requirements of another department.

When I placed the matter before cabinet council I had only one copy of the manuscript, and, although I am not certain, I think I had the press report to which I have referred before, which was not made available until later on, certainly well beyond the publication period. I loaned either of those documents—I am not sure which—to the Minister of Trade and Commerce (Mr. Howe) in order that he could check it with his officials.

Mr. Diefenbaker: What date was that?

Mr. Garson: I could not even give the week, but I would think it would be around the latter part of January or in February. In due course my colleague reported that he had consulted his officials and they had strongly confirmed his own recollection of the facts.

Once this cleavage of opinion became apparent and was established it seemed to us we could have done one of three things. We could have published the manuscript at once as an official report, without comment, though of course that would not have complied with the act because the time for publication had already expired. Moreover, it seemed to us this would not be a proper course because the publication without comment would have implied an endorsation of the report by the government, which would have been quite inconsistent with the view held by some members of the cabinet that as to its facts the report was incomplete and misleading.

This course was particularly unacceptable to the Minister of Trade and Commerce (Mr. Howe), who insisted upon making a statement coincident with the publication of the report repudiating it as far as he personally was concerned. He felt that if he did do this he would appear to the whole business community of Canada, whose co-operation he had sought and received in full measure during the period of war control, as a treacherous double dealer who had led them into a course of conduct only to turn around and betray them. If a statement of that sort had been made obviously it would have made prosecution difficult if not impossible and, incidentally, would have left the combines investigation commission rather under a cloud.

On my part, while I fully appreciated the difficulty of my colleague, I did not feel

prepared, in the face of my own responsibilities as Minister of Justice, to have the report publicly condemned in this way until we had made a most careful check to determine whether or not the government should accept it and prosecute on it. I have to confess with some embarrassment now that the facts, which we have checked, proved to my satisfaction at least that the Minister of Trade and Commerce was quite right in the position he took at that time; and if we had followed the course he recommended, of publishing the report and having him make this statement, we would have avoided some of the difficulties that have ensued, though I believe we might have met with others. But with the knowledge I had before me at that time I felt my duty was to support the report of my officials until it was proved to be incomplete. That was what I did; and my colleagues, including the Minister of Trade and Commerce, backed me up in this course. It is regrettable that my action in standing up for this report has proved so embarrassing, but one can only be wise in the light of facts known at a particular point of time. Even in retrospect it still seems to me that it was my duty to support the report, on the information I had at that time, especially when there was no chance then of complying strictly with the requirement as to publication.

The second course we could have followed was to publish the report with a statement—a true statement, if you like—that the government was sceptical about certain aspects of it; that we were going to check those aspects and that in due course, when we had finished our checking and had found out what were the true and complete facts, we would publish them and report to the house. If we had made such a disclaimer, does anyone suppose it would have strengthened the hands of the combines investigation commission or added to its prestige? No matter whether our checking had proved the commissioner in the right, the fact that we had advertised to the world our doubt concerning it and concerning him would have had an adverse effect upon the combines investigation commission.

The third alternative was the course we followed, to delay publication—which had already passed the statutory period of fifteen days—until we could check the facts so that when the report was published the government would be able to state definitely its position in regard to it. Moreover, and I think most hon. members will sympathize with this view, we were naturally most anxious to adopt a course which all members of cabinet would feel they could support; and we agreed that the first requisite was to learn whether the full facts, when ascertained, would support the views held by some members of council, or whether they would support the report, in which event we could publish it and prosecute.

Mr. Knowles: At about what time was that agreement reached by cabinet?

Mr. Garson: Well, I could not pretend to tell my hon. friend.

Mr. Knowles: February? March?

Mr. Garson: I could not say even roughly. There were several meetings, and I would not be telling the truth if I even attempted to say at which meeting this precise position was reached.

Mr. Knowles: But it was probably while parliament was in session and before the election campaign?

Mr. Garson: I would not say as to that. Well, Mr. Speaker, it took some time to get at those facts, but again I contend there was no lack of diligence on my part. Consistent with the other duties which had to be performed, we brought this matter to a conclusion as soon as possible. We wanted to reconcile the conflicting views of our public servants if that could be done. If it had been possible to handle the matter in any other way I did not want to do what I was finally forced to do, have high-ranking public officials confront each other in a highly controversial way, which could have had an adverse effect upon the morale of a department of government. So we took a good deal of time trying to resolve the matter without resorting to this hazard.

A few moments ago the hon. member for Lake Centre (Mr. Diefenbaker) raised the question of the bearing of the court of appeal judgment in the dental supplies case upon this whole matter. I said I would deal with that question, and I propose to do so now. One of the facts which influenced me in giving priority to other matters than bringing this particular question to a conclusion was that the combines investigation administration had suffered a severe defeat—there is no gainsaying that fact—in the dental supplies case in March, 1948. The case had been withdrawn from the jury by the trial judge on the ground that the crown had not even made out a prima facie case. In course of time, on February 28, 1949, the Ontario court of appeal rendered a unanimous judgment against the crown, which was a body blow to the enforcement of the act in respect of any future reports, including the flour report. In this or in other debates some hon.

members, including the hon. member for Lake Centre, the hon. member for Calgary West (Mr. Smith) and others, have asked why the crown did not appeal this case. The reason was that since the affirmation of the acquittal by the appeal court was unanimous, under the Criminal Code as it stood at that time it was not possible to carry an appeal to the Supreme Court of Canada.

Mr. Diefenbaker: Is it not a fact that an appeal would be allowed in the event that there was any other judgment of a superior court, such as the minister said the other day there was, under which evidence had been admitted under similar circumstances?

Mr. Garson: I think my hon. friend is confusing the principle of the dental supplies case with that of the tobacco case. That was the basis of the refusal of leave to appeal in the tobacco case, on application to the Supreme Court of Canada. In the dental supplies case there was at that time—it has since been changed—a provision in the Criminal Code which explicitly stated that where the appeal court affirmed an acquittal unanimously it was not possible to appeal. So we were blocked off from any appeal.

The result was that the dental supplies case was lost; but that was not all. Worst of all the court of appeal, in affirming the acquittal, enunciated what I must contend, notwithstanding the views of the hon. member for Lake Centre, was a somewhat new doctrine of corporate possession, which in cases under other reports, such as the flour report, would make it extremely difficult to use effectively the documents seized in possession of the accused corporation in order to make out a case against it. Until the effect of this judgment had been cured by legislation, our position in respect of the flour report was one of uncertainty not only as regards the facts as to which the public servants were in dispute, but as regards also the law applicable to those facts as well. Had we been challenged to prosecute—and regardless of what may be said, the fact is that I was credibly informed by a most reliable informant that we would be—then to say the least we would be in a most awkward position to accept such a challenge either before or after the date of the judgment of the Ontario court of appeal. Before that judgment of the court of appeal was delivered, the judgment of the trial court was against us; and after the judgment of the court of appeal was delivered, the judgment of the court of appeal itself was unanimously against us and we could not appeal. It is of course the effect of this judgment that we are trying to cure by the amendment now before the house.

We tried to get this amendment prepared in time for presentation to the session last spring; and as I have already stated in another debate, the first draft that the combines investigation commission were able to lay before me was dated April 7, 1949. The matter is of considerably more difficulty than appears on the surface. We considered no less than ten drafts before we brought down the bill which is now before the house. Thus it was quite impossible to get the final draft ready until some time after the beginning of the present session. As matters then stood there was no advantage to the public interest in publishing the report until we could clear up the disputed facts and introduce into the House of Commons this amendment to the Combines Investigation Act in order to neutralize the effect of the judgment of the Ontario court of appeal in this dental supplies case. Accordingly we decided to bring down our amendment to the act, to publish the report and to make the government's statement concerning it at about the same time; and that is what we have done.

Incidentally, Mr. Speaker,—and this deals with another question which has been raised—the tabling of the report on the flour-milling industry on November 7, 1949, complies with technical strictness with the requirements of section 27, subsection 5, in that the report which is now before the house was tabled within less than fifteen days from the time I received it from the commissioner in its final form. I did not have it at that interview on October 22; I remember that quite distinctly because Mr. McGregor had a copy there with him and offered to leave it with me; I suggested to him that there was no purpose in his leaving it at that time and he made a quip about it. I want to be perfectly candid with the house. I was under the impression that I had not had it before. To make doubly sure, I telephoned Mr. McGregor today and he later advised my secretary by telephone that he thinks he sent me a printed copy because he has a memo to the effect in his own handwriting on his own file. I did not have time, before the house met this afternoon, to check upon that fact. Certainly I received no formal letter forwarding the printed report to me and certainly the report which I laid on the table of the house was placed there by me within fifteen days after I received it, as one as to which I was sure that there would be no further amendments by Mr. McGregor.

In this whole matter we deny that we recklessly disregarded parliament and the statutory requirement of publication within fifteen days. On the contrary, we took both of these matters into the most careful consideration,

not discounting their importance in any way. When I listened this morning to the interpretation which the hon. member for Greenwood (Mr. Macdonnell) put upon our actions, that this was a dastardly conspiracy against the very constitution of our country, I thought that in giving such a judgment as that, he might perhaps have been charitable enough to wait until I had had an opportunity, with sufficient time at my disposal, to give an extended explanation of the position in which we found ourselves. I think that he would agree, in respect of the actions that have been taken honestly, conscientiously and with great concern as to their nature and effect in connection with this matter that, whatever they may be, they do not constitute a dastardly conspiracy to attack the constitution of the country.

Mr. Macdonnell (Greenwood): I am sure the minister wants to be fair. I would ask him not to use the word "dastardly". I did not use the word "dastardly".

Mr. Garson: My hon. friend does not withdraw the word "conspiracy".

Mr. Macdonnell (Greenwood): No.

Mr. Garson: I suggest that most conspiracies are dastardly.

Mr. Macdonnell (Greenwood): You can speak as an expert.

Mr. Garson: Any delay in publication here was not, as has been suggested, any secretive or cynical disregarding of the law or of parliament by two or three ministers. Whatever delay there has been has ensued after it was no longer possible to comply with the provisions of the act. It was a most conscientious balancing by the whole cabinet in several cabinet meetings of these considerations that I have been endeavouring to lay before the members of the house. The truth of the matter is that if Mr. McGregor meant to change his report in the material particulars in which he did change it, he should not have delivered it to my office officially, in my absence, until he had got it into the form in which it was to be when published. What we were concerned with was to get in the report a complete statement of the facts, to clarify the law by the amendment now before the house and to be able, in connection with this particular report, and when publishing it and tabling it, to state what the position of the government was upon it.

This was no routine Combines Investigation Act report at all. The issue here was whether the government, on the first occasion on which this matter has arisen since the cessation of the war, was going to pillory and indict businessmen in the milling industry, under the Combines Investigation Act, for doing what some members of the government believed, and what both chairmen of the wartime prices and trade board believed, that the government had directed them to do under that board. More than that it was a question whether we were going to pillory and indict these men blindly without checking the completeness of Mr. McGregor's statement of the facts which he himself, as it now appears, has partially corrected. Here was an industry in which the government had intervened during the period of wartime control. The government had fixed the ceiling price of its finished products while letting the price of its raw material, wheat, rise.

To offset this, the government proposed a subsidy, based in part upon a rigid control of the milling industries profits. The government insisted that in that connection the industry would have to leave not only its domestic profits in the pool but that it also would have to pool all of its export profits. The government called upon this industry to supply ships' stores and other government departments with its products. For these purposes government through the wartime prices and trade board had exercised continuous supervision and direction of its activities. The objectives to which its actions were directed could not possibly have been achieved without the most ungrudging cooperation and without complete confidence of the industry in the good faith of this government. Therefore it seems to us that as long as the industry had complied with the directions of the wartime prices and trade board it would be an irresponsible and unfair action by the government, without the most careful consideration, to publish a report representing what the industry had done while operating under that board as a systematic series of breaches of another statute, namely, the Combines Investigation Act. This impression would be heightened by the fact that during this time Mr. McGregor remained the Combines Investigation Act commissioner and also acted at the same time as the enforcement officer of the wartime prices and trade board. Those of us who know Mr. McGregor know perfectly well that he would be the last man ever to take advantage of any such dual capacity. But you could not blame people in the business from thinking that some advantage might have been taken of that fact; just as those who impute to us motives in the discharge of this unpleasant responsibility have mentioned a variety of incredible motives. They say—it was said this afternoon by the hon. member for Greenwood

(Mr. Macdonnell)—that but for the resignation of Mr. McGregor we would have suppressed the report entirely.

Mr. Macdonnell (Greenwood): I want to correct the minister. I said that that was reported, and the government need not be surprised if all kinds of reports were made in view of the action that they took. I did not say it myself. I said it had been said.

Mr. Garson: My hon. friend quoted it with disapproval, but quoted it.

Mr. Macdonnell (Greenwood): That is correct.

Mr. Garson: Let us look at this suggestion. If we were going to suppress the report entirely why would I go to the hon. member for Vancouver East (Mr. MacInnis), as he quite rightly said that I did, and ask him to withdraw his question concerning the flour report—thereby admitting that such a report existed—until I was in a position to bring down the report and this amending legislation at the same time. True, my estimate as to the time in which it could be brought down was, shall I say, unduly optimistic; but why would I ask him that question at all if we were going to suppress the report? Moreover, sir, the fact that the flour report was in the offing was no secret. Mr. McGregor referred to it in his evidence before the prices committee in 1948 and there were references in the press to this report as far back as the spring of 1948. To suppress it would have been an utter impossibility.

Mr. Diefenbaker: Was not the reference to the investigation, not the report, in February or March of 1948?

Mr. Garson: No, it was a reference to the flour report itself in preparation. As I say, to suppress it would be impossible. But, sir, that was not the point. The point was that before the government published what could very well be regarded as a serious attack upon business confidence in the good faith of the government—and when I say "government" I do not mean just this government, I mean government generally—it was under an obligation in the public interest to know its own position and coincident with that publication announce that position so that no person would be pilloried and indicted in respect of co-operating with the government in wartime controls which owed their success in large measure to that very co-operation.

During this debate it has been asserted that the government is responsible to parliament and that it should in its action take proper cognizance of this point. No person will quarrel with that view—certainly we do not. True, there was some delay. Delay in respect of what? Delay in respect of what turned out to be—I am talking about the statutory delay now in getting it printed in time—a manuscript which was changed five times by the commissioner himself before it became the report that we have before the house at the present time.

Mr. Coldwell: What was the last date on which it was changed?

Mr. Garson: February 23, 1949, which, if I may point out, was a matter of about a month and a half after the date on which my head should have rolled in the sand, because the report was not published.

Mr. Coldwell: And eight months before it was tabled?

Mr. Garson: Yes, that is right. I have explained the reason for the delay in the intervening period. We have published the report. We have made our statement concerning it at the time that it was always intended that it should be made, coincident with the publication of the report, and at the same time we have placed this amending legislation before parliament. It was on the second reading of this amendment that my hon. friend, the leader of the opposition (Mr. Drew), moved his amendment to the motion for second reading which I suggest is, in its substance, a motion of want of confidence in this government. While it is important, sir, that the government should be responsible to parliament and should respect parliament, parliament should respect the functions of government. One of the most important of these functions is that the government, as long as it remains the government and continues to retain the confidence of the House of Commons, should have the right to make government policy.

Mr. Drew: But not change the law?

Mr. Garson: No. My hon. friend is quite right. When parliament, lacking confidence in the government, interferes with the government's making of government policy, then the only course that the government can follow is to resign.

The bill now before the house represents government policy. The leader of the opposition made what I regarded as an attempt to indicate that it did not represent government policy; but by interjection I think I made it quite clear that the bill now before the house represents the government policy and the whole of government policy in this matter of the Combines Investigation Act amendment now before us.

In respect of this motion for second reading my hon. friend moved:

> That the said bill be not now read the second time but that the subject matter thereof be referred to the standing committee on banking and commerce with instructions that they have power to send for persons, papers and records and that in addition to other recommendations with respect to the subject matter of the bill they shall also have power to report upon the extent to which the effective administration of legislation relating to restrictive trade practices has been, or is being, prejudiced by the action of the government . . .

And so on. The point that I make there is that when it is proposed to send the subject matter of this bill to a committee of parliament it means that a committee of parliament is being directed to make policy for this government. If that is not a motion of want of confidence then, sir, I do not know what it is.

Mr. Drew: Mr. Speaker, perhaps it might assist us to understand this extraordinary argument if we were told in what way this differs from the reference of any other matter to any other committee of parliament.

Mr. Garson: Well, I am not suggesting for a moment, Mr. Speaker, that it does differ from sending any other matter to a committee. What I do suggest is that when the government of the day brings down a bill in which is set out government policy in respect of the subject matter of that bill, a motion to send the subject matter of the bill to a committee of parliament in order that a committee of parliament may work out policy in respect to that subject matter it is in substance, if not in form, a motion of want of confidence.

I have detained the house at great length. I have done so, amongst other reasons, in order to convince the hon. member for Greenwood (Mr. Macdonnell), and some of his colleagues, that we were attempting to make a serious answer. He was objecting to the fact that we had not made a serious answer to any of the charges.

Mr. Macdonnell (Greenwood): To the point I raised.

Mr. Garson: And I have spoken at some length on that account, attempting to deal, point by point, with those which have been raised.

I should like to close with the suggestion that I think there is nothing the parliamentary committee could bring forth with regard to this matter that we do not already know. The flour report speaks for itself. The memoranda of Mr. Gordon speak for themselves. There has been a very full disclosure of all the relevant facts. I do not think for one moment that the divergence of opinion between high-ranking public servants can be resolved by the committee. That being so the only purpose a reference would accompiish would be to delay the matter. And, sir, for our part we are anxious to get on with the prosecution of the bakeries report, and we would urge that the motion in amendment be voted down.

The house divided on the amendment (Mr. Drew) which was negatived on the following division:

YEAS

Messrs:

Argue	Harris (Danforth)
Balcer	Hatfield
Beyerstein	Herridge
Black (Cumberland)	Higgins
Blackmore	Johnston
Blair	Jones
Brooks	Knight
Browne (St. John's West)	Knowles
Bryce	Lennard
Cardiff	Low
Casselman	Macdonnell (Greenwood)
Catherwood	MacInnis
Charlton	McGregor
Church	McLure
Coldwell	Mu phy
Courtemanche	Noseworthy
Coyle	Pearkes
Diefenbaker	Shaw
Drew	Smith (Calgary West)
Fair	Stewart (Winnipeg North)
Fleming	Thatcher
Fraser	Thomas
Gagnon	White (Hastings-Peterborough)
Gillis	White (Middlesex East)
Graydon	Wright—53.
Green	
Hansell	
Harkness	

NAYS

Messrs:

Anderson	Cote (Verdun-LaSalle)
Applewhaite	Cournoyer
Arsenault	Croll
Ashbourne	Darroch
Bater	Decore
Beaudoin	Denis
Belzile	Dewar
Bennett	Dickey
Black (Chateauguay-Huntingdon-Laprairie)	Dion
Blanchette	Douglas
Blue	Dumas
Boisvert	Elderkin
Boivin	Eudes
Bonnier	Eyre
Boucher	Fauteux
Bradette	Ferrie
Bradley	Fournier (Hull)
Breithaupt	Fournier (Maisonneuve-Rosemont)
Brisson	Fulford
Brown (Essex West)	Garland
Byrne	Garson
Cameron	Gauthier (Lake St. John)
Campney	Gauthier (Sudbury)
Carroll	Gauthier (Lapointe)
Carter	Gauthier (Portneuf)
Cauchon	George
Cavers	Gibson (Hamilton West)
Claxton	Gibson (Comox-Alberni)
Cleaver	Gingues
Cloutier	Gosselin
Conacher	Gour (Russell)
Corry	Gregg

Harris (Grey-Bruce)	Masse
Healy	Martin
Hellyer	Maybank
Helme	Mayhew
Henry	Monette
Hetland	Mott
Howe	Murray (Oxford)
Huffman	Murray (Cariboo)
Hunter	Mutch
Isnor	Nixon
James	Pinard
Jeffery	Pouliot
Jutras	Proudfoot
Kent	Ratelle
Kirk (Antigonish-Guysborough)	Richard (Gloucester)
	Richard (Ottawa East)
Kirk (Digby-Yarmouth)	Riley
Lafontaine	Rinfret
Langlois (Berthier-Maskinonge)	Roberge
	Robertson
Lapalme	Robinson
Lapointe	Rooney
Larson	Ross (Hamilton East)
Leduc	St. Laurent
Lefrancois	Simmons
Leger	Sinclair
Lesage	Sinnott
Little	Smith (Queens-Shelburne)
Macdonald (Edmonton East)	Smith (York North)
MacDougall	Smith (Moose Mountain)
MacLean (Cape Breton North and Victoria)	Stick
	Stuart (Charlotte)
MacNaught	Studer
Macnaughton	Tremblay
McCann	Valois
McCubbin	Viau
McCulloch	Ward
McCusker	Warren
McIlraith	Weir
McIvor	Welbourn
McLean (Huron-Perth)	Whiteside
McWilliam	Whitman
Major	Winkler
Maltais	Wood—149.

Mr. Cruickshank: I was paired with the hon. member for Medicine Hat (Mr. Wylie). Had I voted, I would have voted against the amendment.

Mr. Homuth: I was paired with the Minister of Labour (Mr. Mitchell). Had I voted, I would have voted for the amendment.

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, in the few minutes before six o'clock I intend to deal with the defence raised by the Minister of Justice (Mr. Garson) for his failure, which is shared by the government, to carry out the provisions of section 27 of the Combines Investigation Act. The minister spent well over two hours in a courteous discussion of the issues, and after the two hours had elapsed all one could conclude was that the minister pleaded guilty, with extenuating circumstances. It was fairly obvious,—and as I listened to him I sympathized with him,—that he realized what he had done was unjustifiable, inexcusable and a contravention of principles going back to the Bill of Rights, which declared among other things that no government or executive can suspend the law of the realm in any particular without parliament.

While it was the voice of the Minister of Justice that spoke to the house, the failure of the government to carry out the provisions of the statute was clearly indicated to have been by reason of the directing hand of the Minister of Trade and Commerce (Mr. Howe). We have had a revised version of explanations given to us, as an addition to a number given previously. It is a strange thing that a new type of explanation should be produced, namely, there were so many revisions of the report of the commissioner of combines and that because of that fact while there was an appearance of failure to live up to the law, in actuality the law was complied with. That is the revised version; that is the last version.

We have had several prior to the latest, and first explanations are often closer to the facts than later ones. On October 29, 1949, Mr. McGregor wrote in part as follows:

> One of the principal remedial measures provided by the Combines Investigation Act is the publication of reports of investigations. The withholding for so many months of publication of a report which the act requires shall be made public as soon as possible after its receipt . . . is one illustration of the tendencies I have in mind.

Would you not have expected the minister to have given the explanation he gave in his reply? That was not his explanation on November 4 in his letter to Mr. McGregor. His explanation on that date was:

> The government decided not to publish the report or act upon it until the doubts raised had been cleared up. Moreover in view of these doubts and of substantial increases in the difficulties of prosecuting created by the judgment of the Ontario court of appeal . . . we felt that if we published the report and were challenged to prosecute upon it, we might not be able to make out a case . . . The government therefore took the responsibility of withholding publication of your report pending the amendment of the Combines Investigation Act . . .

He was challenged in the house by the hon. member for Winnipeg North Centre (Mr. Knowles) as to what justification he had for failing to carry out the law. I had asked the same question not long before, and the minister had replied that he could not give me any further information than he had already given. Finally he answered the hon. member for Winnipeg North Centre by saying, in effect, "Well, we got elected, didn't we?"

Mr. Garson: Oh, no. If my hon. friend wants to quote me, let him do it accurately.

Mr. Diefenbaker: Pardon?

Mr. Garson: If the hon. member wants to put words in my mouth, let him put the right ones.

Mr. Diefenbaker: The hon. member for Winnipeg North Centre asked, at page 1524 of *Hansard*:

> Will the minister tell the house on what authority the government relied when it made the decision to violate the provisions of section 27(5) of the act?

The reply of the minister was:

> Well, Mr. Speaker, it relied upon the fact that any democratic government is answerable to the people of the country for its acts.

Mr. Garson: Has that anything to do with an election?

Mr. Diefenbaker: Pardon?

Mr. Garson: Go ahead.

Mr. Diefenbaker: I am going ahead. I trust my hon. friend is not going to offer a revised version of what he said on November 7. He went on:

> I am going to answer my hon. friend's question, if he will give me a chance. It is perfectly clear that if an election were held tomorrow, as there will be an election in due course, we would have to go before the free people of this country and answer for our actions. I have no doubt my hon. friend would get up and anathematize us.

That was a good word. Later he went on:

> And we would have to answer; then the people would decide. As long as that condition exists I do not think we need worry very much.

What a proposition to advance; what a statement for a minister of the crown to make as a reason for breaking the law, that under our democratic system ultimately there will be an election! That is no justification. Indeed, if anyone in this country had known during the ten months' period that the minister had broken the law, as he did, His Majesty's courts could have been applied to in order to protect His Majesty's subjects, under a writ of mandamus, which would direct the minister to live up to the law. He concealed the report, and one explanation is this: we did not agree with the terms of the report. Is there anything in section 27 of the act that gives the government discretion to say they may break the law because they do not agree with the terms of a report; that they may break the law because after consideration, even honest consideration, they feel it should be broken? If that be an excuse for breaking the law, how many people in this country would feel like breaking the income tax law, or any other laws passed by parliament? Expediency, or the desire to prevent argument between high civil servants, afford no excuse in extenuation or otherwise for what has taken place in connection with this report.

No answer was given the question of who gave Mr. Gordon authority to place any body of people in this country above the law. What minister gave that authority? Certainly it could not have been Mr. Ilsley, the then minister of finance, who was in charge of Mr. Gordon's department; for Mr. Ilsley knew that these proceedings and investigations were going on under the combines act. He knew what Mr. McGregor was doing, and there is no suggestion that he told Mr. McGregor he ought not to proceed as he was proceeding. The law provides that any report of the commissioner, other than a preliminary report, shall within fifteen days after its receipt by the minister be made public, unless the commissioner states in writing to the minister that he believes the public interest would be better served if this were not done.

My hon. friend says he waited until the facts were investigated. He waited from January to October, to bring together Mr. McGregor and Mr. Gordon, the holders of divergent points of view. Why that long wait? And in nothing that has been said has there been even the suggestion of an apology to parliament for this most serious disregard of the law. There has been no apology either by the minister or by any other member of the government, including the Prime Minister (Mr. St. Laurent). How often has the right hon. gentleman, speaking to the Canadian Bar Association, referred to the rule of law with all the power of advocacy of a great counsel. How often has he referred to the rule that assures equality of all under and before the law? Where was that equality between January and November, 1949?

This is not a question of the guilt or innocence of these companies. No government had to punish anyone, or to proceed against anyone on the report of a combines commissioner. When I asked Mr. Ilsley that question in 1948 he replied in effect that the minister when he receives a report is not bound to prosecute. The minister says one reason the government did not publish the report was that they thought the facts were wrong. Well, were the facts wrong in the international cartels report? Some members of the house thought they were, but the report was published. They may say what they will, Mr. Speaker, but no one on the part of the government has yet explained what authority justified the action of the government in saying in effect that: "There is one law for those on the front benches. That is the law of expediency, a law which applies to no one else. We can break the law; we can refuse to carry out those duties we are required to carry out under a mandatory provision."

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

PRAIRIE TRANSMISSION LINES LIMITED

The house resumed from Tuesday, November 15, consideration of the motion of Mr. Benidickson for the second reading of Bill No. 119, to incorporate Prairie Transmission Lines Limited, and the amendment thereto of Mr. Church.

Mr. D. S. Harkness (Calgary East): Yesterday, Mr. Speaker, we had a considerable amount of debate in connection with whether the time should be extended at this sitting to consider this bill and another one which calls for the granting of a charter to a pipe line company. A considerable number of reasons were put forward yesterday as to why this should be done. To a plain man like myself, the thing that stands out is that the basic and essential reason why a change in the rules of the house was proposed by the government was a definite desire on their part that these two bills should go through.

Mr. Speaker: Order. Yesterday the house decided to extend the time for private and public bills. That is a decision of the house and it cannot be debated again. The question now is on the amendment of the hon. member for Broadview (Mr. Church).

Mr. Harkness: I was not questioning the decision of the house, Mr. Speaker. I was merely observing that to one like myself who is not, and does not pretend to be, particularly well versed in the works of Beauchesne, Bourinot, May and the other authorities on parliamentary procedure, in spite of the rather fancy reasons which were put forward as to why that action was taken to change the rules of the house in this particular case, a thing which had not been done within the memory of anyone in the house, as far as I know—

Mr. Speaker: Order. I must remind the hon. member that it is not in order to discuss that ruling, and he is discussing the ruling. I would ask him to direct his remarks to the amendment which is now before the house.

Mr. Harkness: I am sorry, Mr. Speaker, if I was discussing the ruling. I did not think that I was doing so. As a matter of fact, I was addressing my remarks really to the purpose for which this change in rules has been brought in.

Mr. Speaker: That, of course, is not in order. It is not in order for the hon. member to do so.

Mr. Harkness: I bow to Your Honour's ruling, and I will say no more on that particular subject.

To address myself more specifically to this particular bill, during the debate on this bill and the similar one, the idea has been put forward by the Minister of Trade and Commerce (Mr. Howe) and others that it does not really matter how many charters we grant to build pipe lines, that we might as well grant a charter to any company that applies for the right to do so as long as they can prove bona fides and that they can raise the money to do so. I disagree entirely with that idea. I think that we in this parliament have a responsibility in the matter of granting these pipe line charters. If the general Pipe Lines Act under which we are granting these charters had not been drawn up with the express idea that it was necessary for a company who wishes to build a pipe line to apply to this house for a charter, and if that act had not been put through with the provision in it, then it would not be necessary for these pipe line companies to come to this house to secure a charter. But the act is through, and these companies are obliged to come here to secure a charter. I therefore do not think that we can adopt the point of view or the attitude that any group of men who apply for a charter should be granted it as long as they can show financial background for the thing. As a matter of fact, I think we must look upon any application for a charter from the point of view of whether the granting of that charter is going to be in the best interests of the country as a whole, of the particular area in which the gas is produced, and the area which is going to be served by the pipe line which it is projected will be built.

The purpose of this particular bill is the same as that of the other one on the order paper, on which I spoke for some forty minutes two or three weeks ago. I do not want to repeat the arguments which I advanced at that time against the granting of a charter to that particular company. There are, however, a few other matters to which I should like to draw the attention of the house.

Having regard to the granting of a charter to any company, I think one of the most important considerations is the route which is going to be followed. The sponsor of this particular bill, when he moved its adoption, at page 1344 of *Hansard*, is reported to have said:

> I wish to make it clear that the passing of this bill does not in any way establish routes for the transmission lines for this company. As I say, as far as federal jurisdiction is concerned, under the

direction of this parliament it was ordered in the last session that routes must be decided upon by the board of transport commissioners. I think hon. members are also aware that public interest is additionally protected in that the province of Alberta has established most effective control now of its natural resources in the form of oil and natural gas.

Then at page 1345 he is reported to have said:

I should like to inform the house that the bill has nothing to do with routes.

In that connection I should like to put on record what this company had to say in the matter of routes when it first applied for its charter. I have here a small clipping from the Calgary *Herald* of August 11, 1949, which reads as follows:

Notice of application to the parliament of Canada for a private bill.

Notice is hereby given that an application will be made to the parliament of Canada at the next or the following session thereof for a private bill incorporating a company under the name of Prairie Pipe Lines Limited or in the alternative Prairie Transmission Lines Limited or such other name as parliament may grant for the purpose of acquiring, constructing and operating pipe lines to transport or transmit natural and artificial gas and oil in the provinces of Alberta and British Columbia commencing at a point in the general Calgary area in the province of Alberta and thence to a point in the vicinity of Blairmore in the said province and thence to a point in the vicinity of Kingsgate in the province of British Columbia and thence to the United States of America, leaving Canada at a point at or near Kingsgate in the said province of British Columbia and re-entering Canada in the vicinity of Blaine in the state of Washington and proceeding north to Vancouver area in the province of British Columbia, subject to the provisions of the Pipe Lines Act.

Dated at Toronto, Ontario, this 4th day of June, 1949.

J. G. Edison,
Solicitor for the applicants,
907 Victory Building,
Toronto, Ontario.

I should just like to say further that Blaine, which is mentioned there, is straight south of Vancouver. In other words, this company, whose charter is now up for us to pass upon, as far as this house is concerned, in their original application to this parliament outlined the route, and they left no doubt whatever what that route was. The route was to go into the United States really at the nearest point possible to take it into the United States from the Pincher Creek gas field in southern Alberta, thence to travel through the United States, and then they were going to have a branch line up to Vancouver from Blaine immediately south of Vancouver.

It is quite true that the route was not mentioned when the bill actually came before us in the house, but I think a reading of this notice of application which the company made in the first instance is sufficient proof that their purpose and their idea is to build a pipe line which is going to travel through the greater part of its length in the United States of America.

In spite of what the mover said to the effect that the granting of this charter had nothing to do with this route, we have to keep very much in mind the matter of what route the company does propose to build its line over. It seems, Mr. Speaker, as a matter of fact, that the question of route is perhaps the most important consideration so far as the pipe line charter is concerned.

A considerable number of arguments have already been put forward in the house along this line, that a pipe line company should include in its application the route which it is to follow in the same way as a railway company does. With that I agree most completely. I do not think that this parliament should pass any pipe line bill, or grant any charter, unless the route or approximate route is outlined.

Essentially the situation is this. At the last session of parliament a pipe line or a pipe line charter to take gas to the Pacific coast was granted. It is quite true that that charter contained approximately the same words as the one now before us. The route was not outlined. However, when that charter was discussed in the committee at that time—and it is quite true that it was given a cursory examination there—it was late in the session. There was no time to go into the matter in the detail that it should have been gone into. In any event, the projected plans of that company were outlined to the committee. It was definitely established that that company intended to put, and it secured the charter for the purpose of putting, a pipe line from the Peace river country down through the interior of British Columbia to Vancouver, and extending a line from there on to the Pacific coast cities of the United States.

Probably if we had not been in such a rush at that time the considerations which have been brought forward in the debate on this bill and the other pipe line bill would have come out then. Probably no charter would have been granted unless the route had been included in the application of the company. The fact that that was not done is no good reason why it should not be done now and in the future. As I have indicated, this company actually did establish before the committee that their purpose was to build a route entirely within Canada. As far as the company with which we are dealing is concerned, as the notice of application which I have read indicates, their purpose is not to build it in Canada; it is to build the main part of the route within the United States.

I understand the company has indicated that they are prepared to build a line through the southern part of British Columbia entirely within Canada if it is necessary to get the charter. It seems to me, Mr. Speaker, in view of their original application, their purpose is to build a line as they have indicated. From what I have been able to gather I do not think they have surveyed any route in the southern part of Canada close to the United States-British Columbia border. I doubt very much whether the building of a pipe line through that area is a practical proposition. I think that it would have to go considerably north of that to get country through which they could go with any degree of ease. In this connection I should like to point out that you cannot build a pipe line without a road. Judging from the two or three summers that I spent in that area of southern British Columbia I do not think any roads exist along the lines that I understand this company have said they would build their line. I do not think it would be a practical proposition for them, or for any other company, to construct roads there, which again is necessary, to enable them to build a pipe line. Therefore it seems to me that this is an application essentially for a pipe line to run its greater length through the United States, and to that there are serious objections.

Discussing this bill or the other bill—I do not know which it was—the Minister of Trade and Commerce (Mr. Howe) said that he was all in favour of a pipe line which ran through Canadian territory and that he would ensure that Canadian interests were served first in granting a permit to any company to export gas and so on along that line. I do not think that an assurance of that kind is sufficient for us who are granting the charter to set aside the considerations I have mentioned and then let the thing slide. After all, the Minister of Trade and Commerce is not going to be in his present position forever. It should not be a matter of accepting his assurance that he will see that no permit is granted unless Canadian interests are served first. The general objections to a pipe line, the greater part of whose length runs through the United States from Alberta out to the Pacific coast of Canada or the Pacific coast of the United States, I outlined when I was speaking on the other pipe line bill some time ago, and I do not want to repeat what I said then or go over the matter in detail; but I should like to summarize some of the reasons. The first is that with such a pipe line the minimum number of people will be served in British Columbia and Alberta. That of course is self-evident. If you run a line through only a small section of Alberta, the southern part of it, and a small section of British Columbia so that it crosses to the United States, and then run it back up straight south of Vancouver, it is quite clear that you are going to serve far fewer people than if you ran its entire length on Canadian territory.

Second, it will not result in any development of the northern parts of Alberta and British Columbia. In northern Alberta and in northern British Columbia there are large regions which are sparsely settled and require roads and power.

Mr. Murray (Cariboo): And railways.

Mr. Harkness: And railways, somebody said. One of the ways in which those areas can be developed is by building a pipe line there. The construction of a pipe line from the Peace river area in Alberta through the Peace river block in British Columbia, and thence on down to Vancouver, would open up a large track of land which at the present time needs development. It would provide power in that area, and as a result would attract large numbers of settlers.

The very building of the pipe line would cause the construction of roads, one of the great necessities in that area. I think probably it would lead eventually to the construction of a railway, or railways. The third important consideration is that if the main part of the construction were in the United States a great deal of the wages and employment for the construction of the pipe line would be paid to American workmen in American funds. In other words it would mean a great deal less employment in this country and less money in circulation. And after a line is built, of course there must be people to maintain it. Similarly if the greatest length of the pipe line is in the United States the people maintaining it will be Americans. The wages paid will be spent in the United States, and we shall derive no benefit at all.

Another consideration is that no impetus is given to the development of manufacturing industries in this country by the construction of a pipe line, most of the length of which lies in another country. I am given to understand that if the line is built chiefly in Canada it will cause the construction of at least one steel rolling plant and one plant for the manufacture of fittings and various sorts of valves. All of this would increase the amount of employment and the amount of money in circulation here, in addition to which it would save large sums in American exchange.

One other important consideration is that if the pipe line is built entirely in this country

until it reaches a point beyond Vancouver, the surplus gas will go on to Seattle, Tacoma, Portland and other points. The cost of the gas would be less in Vancouver and other Canadian points than in American points because they, at the end of the line, would have to pay a greater transportation cost. If the main line is built through the United States the opposite is the result. The cost of the gas would be greater in Vancouver and adjacent points in British Columbia than in American points to the south.

Allied to that is another fact. If the entire cost of transportation is added to the cost of the gas, so far as American consumers are concerned, in this way there is provided a certain amount of protection for Canadian manufacturers. They get their gas at a cheaper rate and therefore can manufacture more cheaply. The most outstanding example of that, one which I mentioned before, is the nitrogen or ammonia plant at Calgary, which is the greatest user of natural gas in that city, using as much as the entire city uses. At the present time it manufactures fertilizers which are sold in the United States. If a gas line could be built there, from the projected main source of supply, the Pincher Creek area, immediately across the border a similar plant could be constructed, just a short distance across the boundary line on the American side. They could manufacture ammonia as cheaply as we can at the plant in Calgary, and perhaps more cheaply. Naturally they would have no duty on their product.

For all these reasons it seems to me that this and the other pipe line bill should not be passed by parliament until we have had written into those bills the routes they are to follow. And if those routes so written in are not all-Canadian routes, then I believe the bills should be turned down.

I would reiterate what was said by the hon. member for Calgary West (Mr. Smith) a few nights ago when he said that so far as he was concerned any bill which contains within it a route which is an all-Canadian route he is prepared to support. I am in exactly the same position. I am prepared to vote to give a charter to any company which shows that it is able to go ahead and construct a pipe line, and which is going to follow an all-Canadian route. They have surveyed it and have given some indication that it can be followed successfully.

Mr. G. M. Murray (Cariboo): Mr. Speaker, as a representative from the Peace river area of British Columbia I believe I have a right to make some comments at this time. Within the boundaries of that riding are many gas wells, and fair prospects for the development of oil wells. Be it said for one of these companies that it has shown enough confidence in the country to go in there and set up drilling outfits, and to establish great resources of natural gas.

The interest, therefore, of our people is, first, that these resources be used right in the vicinity, in the towns of that neighbourhood—Dawson Creek, Fort St. John and Prince George, all of which are flourishing centres. We live in the north where the winters are long and the weather is cold. We need cheap fuel. Nature has been generous in giving the Peace river country these resources of oil, natural gas and coal.

It seems to me the House of Commons is wasting a great deal of time in the discussion of these bills. I am reminded of the hunter who sold the hide of the bear while the animal was still at large in the woods. Our time here should be spent not in incorporating this or that company for the purpose of establishing pipe lines, but rather to encourage the drilling for oil and gas up in that northern part of British Columbia, so as to create new payrolls, new industries and new resources for the Canadian people.

I hate to say that people would seek a monopoly in Canada, because we know monopolies are not good for a country. We have seen what has happened in connection with our railways. It is only fair that there should be an open field for those capitalists who have the courage to go into these enterprises. I am going to say that, so far as voting in connection with the measure before the house is concerned, I will vote for what will serve my own community first, the province of British Columbia second, and the Dominion of Canada third.

I would hate to be classified as one who has encouraged filibustering. I know the people in Calgary who put their money into the Westcoast Transmission Company Limited. They are splendid fellows with a great deal of courage. They have gone ahead and developed these oil wells. I am sure there are good men back of these other companies; and we need development of that kind, having in mind the best interests of the Canadian people.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, when the debate on these pipe line bills started some time ago many of us did not know much about them, but so much has been said in the meantime that we have become familiar with them. In addition to what we have heard inside the house, people outside the house have talked

to us about this matter. It would appear that the reason hon. members are reluctant to support these bills is related principally to the route to be followed by the pipe lines. I have been told, I admit, by someone at second or third removed, so I cannot guarantee that it expresses the opinion of this particular company—but nevertheless it makes sense—that this company would not mind routing its pipe line through Canadian soil if the other company which was incorporated last year were put in a position where it would have to do likewise.

I do not know how parliament or the government or the board of transport commissioners could deal with that situation, but if that is the position it does seem to me that steps should be taken to meet it. This raises the question of whether or not the overriding Pipe Lines Act is properly drawn in its present form. I sometimes wonder if it would not have been better for the government—rather than pursuing the course it has—to have brought in amendments to that overriding act. That might have been a better way to facilitate the passing of these bills.

I should like to quote a standing order, not as a point of order but just as a matter of argument. Standing order 97 reads:

> No petition praying for the incorporation of a railway company, or of a canal company, or for an extension of the line of any existing or authorized railway or canal, or for the construction of branches thereto, shall be considered by the examiner, or by the committee on standing orders, until there has been filed with the said examiner a map or plan, showing the proposed location of the works, and each county, township, municipality or district through which the proposed railway or canal, or any branch or extension thereof, is to be constructed.

It seems to me that parliament is not being fair if we require from companies seeking to build railroads or canals a map showing their proposed route when at the same time we do not require anything like that from a company proposing to build a pipe line. That applies to the bill now before us as well as to any other pipe line company. Surely there is a close analogy between railways and canals on the one hand, and pipe lines on the other.

The hon. member for Cariboo (Mr. Murray) has indicated his support of the principle which some of my colleagues have enunciated, namely, that the line should go through Canadian soil. That is good. I believe the government would do well, in fairness to all companies concerned—if I may put it that way—as well as in fairness to the Canadian people to find some way by which it could be laid down as a basic principle that all our pipe lines should serve Canadian requirements first before being routed out of Canada. That is one of the main issues now before us.

Mr. J. H. Harris (Danforth): Mr. Speaker, I should like to make one or two observations with regard to this particular matter. I do not think we should be narrow or small in our attitude toward these bills for the construction of pipe lines to traverse our territory. However, consideration should be given to the elements contained in these products. The hon. member for Calgary East (Mr. Harkness) referred to ammoniates which are found in these products. Canada is short of this commodity which is so necessary in our agricultural development. If these pipe lines are going to carry into the United States oil and gas which are charged with ammoniates then I feel disposed to oppose this particular bill. We must keep in Canada every pound, gallon or cubic foot of ammoniates which are presently here. Any hon. members who are farmers know that we have an abundance of phosphates while we are very short of ammoniates. Any move which will permit the taking out of this country of ammoniates in the form of gas or oil will in the final analysis be bad business for Canada.

It has been my privilege to investigate the pipe lines in Iraq, Iran and other places in Asia and Europe. I am trying to dream this picture through in an effort to see what might happen here in the next 25 or 50 years should we denude ourselves of this God-given heritage in the form of this element and let it slip through our fingers by way of these pipe lines in order to benefit our friends south of the border.

Thinking of the generations to come, I think that at this stage we should wait until we have more information about what we are doing. Let us know what it is all about. We should not go into this thing blindly. We should consider what Providence has given us in the way of natural resources and analyse the situation and then make up our minds what we ought to do. We should not make snap judgments. I should like to see these bills held over for a little while. We are a young country and we can afford to wait to see just what we are giving away by permitting these products to be transported through a pipe line that will traverse another country. We may be bereaved of this important commodity in the days to come.

I was amazed to hear the hon. member for Calgary East refer to the possibility of railroad lines following the pipe lines. As I say, I saw the pipe lines in Iraq, Iran and other points in Asia and Europe, and no railroad lines followed those pipe lines. No railroad lines will follow these pipe lines. There will be little development. But for

the sake of what development there will be let us in the interests of the prestige of this House of Commons not be in too great a hurry to give away the resources we have at the present time. Let us stop, think and consider what the natural resources are which we have at our hands, and what we are going to do with them in the future, not for those of this day and generation but for those of the generations which are to come.

Mr. G. R. Pearkes (Nanaimo): Mr. Speaker, I feel we are all indebted to the Prime Minister (Mr. St. Laurent) for giving us ample time to discuss these two important bills. They are of the greatest importance to the province from which I come, British Columbia. I venture to take a few moments of the time of the house because over a number of years I have had some personal connection with this natural product. I remember leaving the city of Edmonton over forty years ago when I was a youngster and travelling by stage coach to Athabasca landing. At Athabasca landing we got into Hudson bay scows and drifted down the Athabasca river. That is not the means of travel today. People wanting to go to the north country now travel in comfort by railway to Waterways, which used to be called Fort McMurray. In travelling by railway, however, they miss one of the most spectacular sights that can be seen in the northwest, namely, a great spout of flame coming from a gas well which, to my knowledge, was burning in 1909, and according to rumours amongst the Indians and the early inhabitants of that country had been burning for twenty years before that date. It was a most impressive sight. I saw it as a youngster for the first time, but it will remain fresh in my memory as long as I live.

That was my first introduction to the wonderful power of the natural gas which is available in the Northwest Territories and Alberta. I recall vividly visiting Medicine Hat. Towards the end of the last century gas had been discovered at Medicine Hat. Ranchers in that district found it possible to dig a small hole in the ground a few feet deep and find gases coming off which could be lighted by a match. Over these fires they were able to cook their midday and evening meals. They were able to fry their buffalo steaks, their eggs, or whatever it might be, with the natural gas coming up from the sands around Medicine Hat. In the course of the years it has been developed, and in the early years of the present century one could see prosperous industries being developed around Medicine Hat. I recall vividly the bottling works at Redcliff, the potteries in the vicinity of Medicine Hat, and the greenhouses in which vegetables including tomatoes were grown in the early months of the year. That is an indication of what natural gas can do to help Canadian industries.

It was only a few years after that when they started to drill wells. Wells were drilled at Bow River and from there the gas was piped to Calgary. I lived in Calgary at the time. I have cooked and had my house heated by that natural product. As the years went by other gas wells were discovered in the Turner valley. Gas wells were drilled and developed at Viking not far to the east of Edmonton, and in recent years it has been piped from there into Edmonton and down as far as Red Deer. There is in fact a gap of only 100 miles between Calgary and Red Deer where the villages of Alberta are not supplied with natural gas and they do not have the opportunity of heating their homes by that means of providing warmth for their farm houses.

It is so different today. When I was in Red Deer we used to have to travel thirty miles by sleigh up towards Stettler, dig coal out of the river bank and haul it back to the farm at Red Deer in order to be able to keep warm during the winter months. With gas now piped to Red Deer there is no reason why all the homesteads and farms should not be heated by this very clean, efficient and economical means. I see the possibility of that type of power, heat and energy being delivered to the towns of the interior of British Columbia and the great metropolitan area of Vancouver and New Westminster.

So far as I can understand from the bill now before us, the proposal is that this means of providing comfort to countless homes in British Columbia is to be diverted across the border and carried to the states of the northwestern United States. I suggest that, so far as we can see now, there is in the foreseeable future an unlimited quantity of gas in the great oil and gas fields of Alberta, the Peace river block and Pincher creek. I suggest it would be just as economical to pipe that supply from northern Alberta and the Peace river district down through central British Columbia feeding all the towns of the interior and carrying the gas to the city of Vancouver. In the same way that the industries I have described are carried on at Medicine Hat, the bottling plant, the potteries and the greenhouses, there is no reason why all along the central British Columbia route similar industries could not be carried on at innumerable little towns provided they can get this cheap form of heat.

If on the other hand this cheap heat and power is to be diverted and sent across the border, then all these small towns of the northwest states, where they produce fruits and vegetables which compete with fruits and vegetables produced in British Columbia, are apt to flood the Vancouver market with these products to the detriment of the tomato growers, particularly, not only in the interior but on the gulf islands, that archipelago which lies between Vancouver and Vancouver island. There many returned veterans have gone into the production of tomatoes, and they look to Vancouver for a market. They will be deprived of an opportunity of selling their seconds and their dessert grades in that market at this season of the year, because it will be glutted with tomatoes grown in Washington and Oregon. Are we going to give these competitors of our fruit growers an added advantage by diverting Canada's gas to the northwest states, so that they will have an even cheaper type of fuel than they have at the present time? Surely we should first consider our Canadian horticulturists; surely we should take advantage of this opportunity to give our small towns and villages throughout British Columbia this economical heat, before we consider the advantages that will accrue to similar towns in the United States if this pipe line goes in that direction.

I do feel that it is important for many reasons that we should encourage the location of industry in British Columbia towns. It is quite obvious at the moment that the flood of immigrants to British Columbia from other parts of Canada and from the old land is being concentrated in the metropolitan area of Vancouver. Anything we can do to have those newcomers move into the smaller villages, say up the Fraser valley, will benefit the economy of that province. Many small industries could be developed. One of these is pottery, for which clay is available at Clayburn in Sumas valley and which could be developed if the necessary power and heat were provided.

Then I remember vividly what was taking place at this time last year on Vancouver island. Due to an exceptionally bad winter and due to the loss of British markets for our forest products, many thousands of men were out of employment. According to the official returns there is more unemployment in British Columbia today than there was a year ago, and there is no likelihood that those camps will be kept open all winter. So hundreds of men who are accustomed to working in the mills and in the forest camps will find themselves out of employment, and will be looking to this government to provide them with something to do. The government is fond of referring to a number of projects which are being delayed until there is general unemployment, when certain works will be undertaken. It seems to me that if this pipe line could be diverted and made an all-Canadian line, running through British Columbia, it would be of immense value not only in the future but immediately, during this very winter, in providing employment for men who otherwise are going to be out of work.

It is not merely the question of a pipe line. One is apt to think that only involves digging a hole in the ground and laying the pipe. This is not drain pipe; it is big pipe, 24 or 26 inches in diameter. A big construction project is involved, not only in laying the pipe but in surveying, cutting through the forests and developing roads over which heavy transports can carry this pipe, which must be placed at a sufficient depth so it will not be harmed by any frosts which may occur in the mountains.

From time to time we have been considering the possibility of building a trans-Canada highway. We want more than one route across Canada. From the remarks that have been made it is quite obvious that several routes are required through British Columbia; and there is no reason why a road originally built for the construction and maintenance of this pipe line should not be developed by the province into an alternative route which would feed various portions of that province from Alberta to the prairie country. Let us say the trans-Canada highway were to follow what is sometimes called the southern route, going from Calgary and Banff to Golden and Revelstoke, and so on. Might it not be possible that this pipe line, tapping the northern Alberta fields, could be run down the Blue river or the Canoe river, on down to the Thompson and so on, feeding an entirely different part of British Columbia?

For these reasons, and because of my firm belief that this Alberta natural gas can provide heating and cooking facilities for innumerable homesteads, villages and towns throughout the province of British Columbia, and also may be used to start new industries, I feel it is important that this line should be routed through British Columbia. In order to ensure that this is done, these bills should be so amended as to include definite instructions that this is to be an all-Canadian line.

As far as the immediate future is concerned, I feel that something must be done this winter. We must be warned now that there is going to be unemployment in British Columbia; that thousands of people will move to British Columbia this winter from other

parts of Canada, perhaps seeking employment, perhaps in order to take advantage of our milder climate.

It has been traditional that the people from the prairie provinces move from there to British Columbia during the wintertime. They will be looking for jobs because they will not bring sufficient capital with them to be able to keep themselves decently during those months, and they will be competing with our own British Columbians for what few jobs there are. Organized labour, the Canadian Legion and the mayors of the various municipalities will be appealing to this government to provide jobs for these people who are out of work.

Here is a grand opportunity whereby a large number of men could be employed, in the immediate future, surveying the various routes, and in blazing down through the forests of British Columbia trails which may eventually be developed into great highways. Then not only will an impetus be given to the industries in these small towns, but hundreds of men will be employed in the maintenance of a pipe line if we will only say that it must take an all-Canadian route. For the life of me I cannot see why this Canadian natural product should be diverted across the border to feed towns in the northwestern states whose very industry is in competition with the industries of British Columbia, and in which there is not the same urgent need for providing jobs that there is today in British Columbia. Surely we should look after our own provinces first of all. Therefore I feel keenly that this bill should not be passed without having the most careful consideration given to it.

As I said when I started, I appreciate the opportunity which the Prime Minister has given to this house to discuss these bills thoroughly. I hope that members who have experience with these parts of the country, and who know something about this great natural product of ours, will be prepared to express their points of view, because I think it is a problem which should be thoroughly discussed and debated. There is no immediate emergency to rush these bills through or to gain a decision. I have tried to give to the house the benefit of what little experience I had. I have some knowledge of that country both in Alberta and in British Columbia. I am in fairly close touch with conditions in my own part of British Columbia, and I urge that the most careful consideration be given before this bill is passed.

[Mr. Pearkes.]

The house divided on the amendment (Mr. Church) which was negatived on the following division:

YEAS

Messrs:

Argue
Black (Cumberland)
Blair
Brooks
Browne (St. John's West)
Bryce
Cardiff
Casselman
Catherwood
Charlton
Church
Coldwell
Courtemanche
Coyle
Cruickshank
Diefenbaker
Drew
Fleming
Fraser
Gibson (Comox-Alberni)
Gillis
Graydon
Green
Harkness
Harris (Danforth)
Hatfield
Herridge
Jones
Knight
Knowles
Lennard
MacInnis
McGregor
McLure
Murphy
Noseworthy
Pearkes
Smith (Calgary West)
Stewart (Winnipeg North)
Thatcher
Tustin
White (Hastings-Peterborough)
White (Middlesex East)
Wright—44.

NAYS

Messrs:

Anderson
Applewhaite
Arsenault
Ashbourne
Bater
Beaudoin
Belzile
Benidickson
Bennett
Beyerstein
Black (Chateauguay-Huntingdon-Laprairie)
Blackmore
Blanchette
Blue
Boisvert
Boivin
Bonnier
Boucher
Bradette
Bradley
Breithaupt
Brisson
Brown (Essex West)
Byrne
Campney
Carroll
Carter
Cauchon
Cavers
Cleaver
Cloutier
Corry
Cote (Verdun-LaSalle)
Cournoyer
Croll
Darroch
Denis
Dewar
Dickey
Dion
Douglas
Dumas
Elderkin
Eyre
Fair
Fauteux
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Fulford
Gagnon
Garland
Gauthier (Lake St. John)
Gauthier (Sudbury)
Gauthier (Lapointe)
Gauthier (Portneuf)
George
Gibson (Hamilton West)
Gingues
Gosselin
Gour (Russell)
Gregg
Hansell
Harris (Grey-Bruce)
Healy
Hellyer
Helme
Henry
Hetland
Huffman
Hunter
Isnor
James
Jeffery
Johnston
Jutras
Kent
Kickham
Kirk (Antigonish-Guysborough)
Kirk (Digby-Yarmouth)
LaCroix
Lafontaine
Langlois (Berthier-Maskinonge)
Lapalme
Larson

Leduc	Pouliot
Lefrancois	Proudfoot
Leger	Ratelle
Lesage	Richard (Gloucester)
Little	Richard (St. Maurice-Lafleche)
Low	Richard (Ottawa East)
Macdonald (Edmonton East)	Riley
MacDougall	Rinfret
MacKenzie	Roberge
MacLean (Cape Breton North and Victoria)	Robertson
MacNaught	Robinson
Macnaughton	Rooney
McCann	Ross (Hamilton East)
McCubbin	Shaw
McCulloch	Simmons
McCusker	Sinclair
McIlraith	Smith (Queens-Shelburne)
McIvor	Smith (York North)
McLean (Huron-Perth)	Smith (Moose Mountain)
McWilliam	Stick
Major	Stuart (Charlotte)
Maltais	Studer
Masse	Thomas
Martin	Tremblay
Maybank	Valois
Mayhew	Viau
Monette	Ward
Mott	Warren
Murray (Oxford)	Weir
Murray (Cariboo)	Welbourn
Mutch	Whiteside
Nadon	Whitman
Nixon	Winkler
Pinard	Wood—152.

Mr. Speaker: I declare the amendment lost. The question is—

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, like the hon. member for Nanaimo (Mr. Pearkes), I too wish to thank the government for the opportunity of giving us extended time to debate this bill. I also wish to thank the Minister of Trade and Commerce (Mr. Howe) who is not tonight in his seat—at least at the moment he is not—for my entry into this debate at all.

On November 15, when the bill was under discussion, he said, as reported at page 1806 of *Hansard*:

> I might say the house has granted one franchise for a pipe line for gas in a western direction and a pipe line for gas in an eastern direction. As the situation stands today, the incorporators of each of those two bills have a monopoly, so far as gas moving in either direction is concerned.

I shall refer to that later. It is the rest of the paragraph with which I wish to deal now.

> My hon. friends of the C.C.F. party have a good deal to say about monopolies, and yet we find them very busy filibustering so that the monopoly on the pipe line situation can be maintained.

I was quick to reply to the minister when he made that statement, because up to that moment only one member of this party had spoken to the question, and that member is from the south central part of British Columbia, the part of the country vitally affected by which particular route this pipe line may take.

Yet the Minister of Trade and Commerce was so anxious to make a point, a smearing point for the bills that he is supporting, that he had to bring the C.C.F. in as filibustering with a ten-minute speech. In view of the filibuster we had yesterday in order to get this extended debate, I would say that one filibuster deserves another.

As a matter of fact up until the time the Minister of Trade and Commerce made his statement I had given very little thought to these bills. Perhaps I am to be censured for that; but, like so many other private members, particularly those on the opposition side of the house, I have a great many things to attend to. I am not even like most of the ministers—and I say "most" of the ministers—who have only one department. We private members have to keep our eyes on all departments; and there is perhaps only one minister who does that.

Therefore we are very busy people, and if we cannot keep our eye on everything that happens or on all the bills which come before the house, then perhaps we are subject to censure—but at least there is just as good an excuse for us as the excuse the Minister of Justice (Mr. Garson) made for himself today.

When the hon. member for Calgary West (Mr. Smith) spoke on one of these bills—I do not know which one it was; it does not matter, because they both deal with the same subject—he decided for me that I should do some little studying of the bills. I have told the hon. member privately that I think he made the best point that has been made in these debates to date, and I want to say the same now. He drew attention to two or three things which in my opinion are vital. He pointed out something, I do not know whether it is correct, but if it is not we should be told. We should be told in terms that will leave no room for doubt. The hon. member said that no matter how many charters were issued there would be only one pipe line built anyway.

Mr. Smith (Calgary West): Correct.

Mr. MacInnis: If only one pipe line will be built anyway, what is the sense of issuing charters? What value is a charter going to be to these people if a pipe line is not built? Somebody is going to have to be paid for the money spent in presenting the petition to parliament. Somebody will have to be paid for the cost of all the lobbying that has been done around here during the past several weeks. I should like to know who is paying for those things and how they are going to recoup themselves if they do not ultimately build a pipe line. That is something the sponsors of these bills should

tell us. That is something the British Columbia members who have so little regard for the welfare of British Columbia that they vote for these bills should tell us. They should make it quite clear to the house just whom they are supporting in this matter, British Columbia or some pipe line promoters. On the fifteenth of November the Minister of Trade and Commerce said, as reported on page 1806 of *Hansard*:

> As the situation stands today, the incorporators of each of those two bills have a monopoly, so far as gas moving in either direction is concerned.

I have asked if there is to be only one pipe line in each direction and if each company is to have the monopoly. If one company is to have the monopoly then there is only one way in which the interests of the people of Canada can be properly protected and that is by the pipe lines being publicly owned.

This country has been a real paradise for charter promoters. I remember when I first went to the west, around 1908 every politician no matter to which party he belonged would not dare to appeal on a public platform unless he had a railway policy. I had formulated a railway policy of my own. It was based on the fact that the workers built the railways but the only use they had for them after they were built was to walk the ties looking for another job, another railway to build. I found that the ties were not spaced properly for easy walking. My policy was a revolutionary one; it proposed that the ties should be spaced so that one could take three at a time. As ties are spaced the distance between two ties is too short and the distance between three too long. It is easy to see that few people accepted my policy because the people that wanted charters did not walk the ties.

Everyone was getting charters. I go back to an even earlier period, and I should like to draw the attention of hon. members to something which is apropos of the situation with which we are now confronted. I should like to quote from page 1272 of *Hansard* of June 23, 1887. Mr. Scriver was speaking. The house was discussing the rules respecting private bills which would make it necessary that plans of routes be filed before a charter was granted. Mr. Scriver said:

> My limited experience in the railway committee satisfies me that a great deal of time has been lost through the want of such a bill, and that we have chartered a great many companies when we had no plans presented to satisfy the committee that those projects were anything more than paper projects.

Is there anything in the bill we are now debating to show that it is not merely a paper project? We may be told that if there were two or more companies it would be better for the province of Alberta, that they could make a better deal if there were competitors in the field. Surely that is poor reasoning because Alberta has the gas. That province has the thing that these pipe line owners want and they can hold the gas until the pipe line people pay their price if that is the way they want to do things. It is certainly a poor argument to say that Alberta is going to do better if we issue charters to three, four, five or six companies.

Why stop there? Why not issue as many charters as are asked for? I suppose they would go out selling stock and there may still be a few suckers around with a little money.

An hon. Member: Page the Minister of Fisheries (Mr. Mayhew).

Mr. MacInnis: I am surprised the Minister of Fisheries has been as silent in this matter as he has been. Perhaps he is a very busy man and I really have no quarrel with the Minister of Fisheries. We should have had our lessons in connection with charters. We allowed railroads to be built all over the country and then when they went bankrupt we had to take them over in the interests of the people of Canada. The people of Canada are still paying for the bungling policies that enabled promoters to fleece the people.

I think the time has arrived when we should use Canada's natural resources to build up the wealth of the country. Canada is being denuded of its minerals, lumber and all other natural resources in order to build up the wealth of the United States. It is time we began to use the natural wealth of Canada for our own benefit. What can be done under the provisions of this bill goes far beyond the building of a pipe line. I do not know whether hon. members have read it, but I should like to refer them to section 6 of the bill, which reads:

> The company, subject to the provisions of any general legislation which is enacted by parliament, relating to pipe lines for the transmission and transportation of gas and oil or any liquid product or by-product thereof, may (a) within the provinces of Alberta and British Columbia or outside Canada—

How can we issue a charter to build pipe lines, or to do any of the other things that are mentioned in this bill, outside Canada? I do not think that parliament has the right to pass a statute for the building of pipe lines outside Canada. Let me read some of the other things that may be constructed:

> —may (a) within the provinces of Alberta and British Columbia or outside Canada construct, purchase, lease, or otherwise acquire, and hold, develop, operate, maintain, control, lease, mortgage, create liens upon, sell, convey or otherwise dispose of and turn to account any and all interprovincial and/or international pipe lines, for the transmission

and transportation of gas and oil including pumping stations, terminals, storage tanks or reservoirs and all works relative thereto for use in connection with the said pipe lines; and buy, or otherwise acquire, sell, distribute or otherwise dispose of gas; and as an adjunct or correlate to pipe lines for gas to have similar powers and facilities for pipe lines for the transmission and transportation of oil and the acquisition and disposal of oil—

And so on. It is presumed apparently that all these things can be done outside Canada as well as within its boundaries if we issue a charter. I know there are sharp legal minds on the opposite side of the house—and there is no sinister connotation associated in my mind with the word "sharp"—and they should tell the house what authority a charter issued by this parliament has once these people go outside Canada. Has this house any authority whatsoever to do what is suggested? With my very slight knowledge of law, and perhaps a little more knowledge of logic, I am wondering whether we are within our rights at all in dealing with this bill. As has been said so often during the debate, and particularly by members of the house from the province of British Columbia, if it is stipulated in the bill that the needs of Canada will be served before any gas goes out of the country—

Mr. Cruickshank: I am sure the hon. member will allow me to correct him as to one statement. He said that if all members from the province of British Columbia had the assurance of an all-Canadian route it would be satisfactory. I think he will agree with me I am the only member from this side of the house who has agreed with him.

Mr. MacInnis: We have had so little co-operation from that side of the house that I overlooked the hon. member for Fraser Valley (Mr. Cruickshank), but I am glad to know where he stands. I knew it before but I overlooked it. If we have the assurance that the needs of Canada will be supplied before any of the gas is exported outside the country, we will immediately withdraw our opposition to the bill. To that end, Mr. Speaker, I wish to move the following amendment, seconded by the hon. member for Yale (Mr. Jones):

That Bill No. 119 be not now read a second time but that it be resolved that in the opinion of this house further consideration of this bill should be deferred until the house has been assured that the route of any pipe line built by the proposed company will be laid out so as to serve Canadian requirements before any such pipe line leaves Canadian soil.

Mr. Church: I wish to speak on the amendment moved by the hon. member for Vancouver East (Mr. MacInnis).

Mr. Speaker: Order.

Mr. James Sinclair (Coast-Capilano): Mr. Speaker, I have taken no part in this debate although I am a British Columbia member, but I wish to take part now as a result of the challenge hurled by the hon. member for Vancouver East (Mr. MacInnis) a few moments ago.

Mr. Green: You did not have the floor.

Mr. Drew: Mr. Speaker, I thought some point of order was being raised by the hon. member for Coast-Capilano (Mr. Sinclair). I submit that the hon. member for Broadview (Mr. Church) who was speaking had the floor and should be permitted to continue to speak.

Mr. Speaker: I saw the hon. member for Coast-Capilano before the hon. member for Broadview started to speak. I did call on the hon. member for Coast-Capilano.

Mr. Sinclair: As I was saying, unlike the C.C.F. members of the house, we do not consider it necessary to speak for forty minutes on every issue before the house. Our votes show the way we feel about these matters, and we are prepared to justify them before our constituents. On the matter of the pipe line bills I, like every other British Columbia member no matter what his party may be, feel that these pipe lines should be constructed through British Columbia if possible, for reasons which have been very ably given by members on this side of the house, members of the official opposition and members of the C.C.F. group. We feel that if these pipe lines are built through British Columbia it will give us a Canadian route, and it will be of great advantage to the province of British Columbia and certainly to the city of Vancouver to have the small interior towns of British Columbia have abundant and cheap industrial fuel. We feel that at this time it is most important in British Columbia to have the labour and employment which will arise as a result of the construction and maintenance of these lines in our province.

We are informed, however, and the information comes only from reading the report of proceedings in the Senate *Hansard* and in the Senate committee, that the cost of a line through British Columbia, with the market it would supply on that route, is so high that such construction is uneconomical. I say that neither the arguments of the members who are opposing these pipe lines nor of those who are supporting them are sufficient to convince any reasoning man as to the merits of the case. The only place where that can be decided is before the standing committee on railways, canals and telegraph lines where expert witnesses, engineers both for and against the pipe lines, can be called and give

members of parliament actual and not *ipse dixit* information. For that reason I, as a British Columbia member who yields to none in devotion to my province, say that I will vote for the bills on second reading if only to get them where they can be properly studied in committee. Unless very sound reasons are given in the committee why construction through B.C. is uneconomic I will vote against the bills on their return to the house.

I say I resent the challenges and slurs flung out by the C.C.F. that just because we do not speak on every issue we are not interested in every issue. Somehow or other the business of the house has to be conducted, and I submit that members' votes in themselves are sufficient indication to most people of where they stand. There is one other point. Last spring in the standing committee on railways, canals and telegraph lines I was the one who actually conducted the cross-examination of the representatives of the Westcoast Transmission Company which was then proposing to build an all-Canadian route through British Columbia and got their charter because of this route. I have heard with some dismay that this company, which has been referred to as an all-Canadian company, has now, according to two hon. members of the house, filed an application to build a route through the United States exactly similar to the routes which are now under discussion.

Mr. Smith (Calgary West): Utter nonsense.

Mr. Sinclair: All I can say is that the statement was made by the hon. member for Burnaby-Richmond (Mr. Goode), and it has not been contradicted.

Mr. Smith (Calgary West): I contradict it now. It is absolute nonsense.

Mr. Sinclair: I am glad to hear that, but it does not alter my submission. I want to tell you another thing, Mr. Speaker. My opposition to filibustering does not date only from this session. I remember another session, when members of the opposition were filibustering a public bill I was sponsoring, the one on margarine, and at that time there did not seem to be the same indignation against obstruction. I do not want to be held up as obstructing these bills, so I am going to conclude my remarks; but I say they should get second reading and go to the standing committee on railways, canals and telegraph lines, if only to give the members of this house and the people of Canada knowledge of the facts rather than the opinions of members of parliament, many of whom obviously have very little knowledge of the engineering problems involved.

[Mr. Sinclair.]

Mr. T. L. Church (Broadview): I rise to support the amendment which has been proposed by the hon. member for Vancouver East (Mr. MacInnis) and seconded by the hon. member for Yale (Mr. Jones). The amendment asks that this bill be not now read a second time but that further consideration be deferred until the house has been assured that the route of any pipe line built by the proposed company will be so laid out as to serve Canadian requirements before any such pipe line leaves Canadian soil. In my opinion that is a very good resolution.

The other day in this house we were referring to similar proposals, and the only two hon. members from British Columbia who spoke in favour of those were the hon. member for Cariboo (Mr. Murray) and the member for one of the Vancouver island seats. That member is a graduate of the university of British Columbia, a very likable young gentleman whom I have known for many years. On the other hand the hon. member for Fraser Valley (Mr. Cruickshank) has expressed strong objection to giving away the natural resources of this country.

We have seen some of the effects of giving away the vast natural heritage in which the people of Canada have taken such pride in years past. It seems that most of those who have spoken in support of this bill have come from Manitoba and Ontario. Ever since I have been a member of this house this principle has been under discussion. I came here in the early twenties, when we were suffering from severe unemployment following the first war. At that time we experienced some of the results of giving away our natural resources; we saw how it affected trade and commerce and industry. We have become largely an industrial nation; but with the unemployment that followed the first war it became more and more necessary for us to conserve and develop our natural resources for our own benefit. This house has declared itself on several occasions on the question of giving away our great resources, such as our forests, in return for mere trifles. That is one reason why within a short time this country may be suffering from a depression. We are sure to run into one very shortly; that is the opinion expressed in a great many financial textbooks, and many leading economists have also sounded that warning. That is the fate which awaits this country unless it wakes up and develops its natural resources for the benefit of all the people.

After all is said and done, who own these natural resources? They were given by Providence for the development of this country. We have great admiration and respect for our neighbour to the south, which has

been very friendly and has done a great deal for us in many ways. Still they are our competitors in trade and commerce, in industry and all along the line. Ours is a greatly coveted land, standing right in the gateway between what is called the east and the west. Today we are the centre of the empire and in fact of the entire world. This country is greatly envied by the dictators. They know the natural wealth we have. It is only necessary to read Parkman's history to realize something of the value of those resources. In both an economic way and in an industrial way Parkman has been very kind to the people of this country. He is not only a great historian of the development of Canada; he is an economist first, last and all the time.

When I first came here as a private member of the house we enjoyed certain rights, functions and privileges. Are we to lose all those now? I do not wish to reflect upon the Prime Minister (Mr. St. Laurent); far from it, because I have been a great admirer of his for many years past. I imagine I have known him as long as any member of the House of Commons, and he is very much respected in our city. Only last year or the year before I suggested to the exhibition directors that they invite him to see something of what is being done there, and I think it was the year before last he was asked to open the winter fair. As it happens I designed that building and opposed the proposal once made that this great fair be moved to Hamilton. As a matter of fact the directors of the exhibition took the position that they did not want the winter fair to compete with the summer fair, and it was decided to move the winter fair to Hamilton.

I am glad that did not happen for the reason I gave, because it is a great asset to the city. Those hon. members who went to that exhibition this week saw something surprising. That is to be continued by the present Minister of Trade and Commerce (Mr. Howe)—he may have turned it over now to the Minister of Reconstruction (Mr. Winters)—in what is known as the great world's national trade fair to be held there next May. That announcement has been made accordingly with regard to the development of that great trade fair which is going to revolutionize the whole world. Exhibits are going to be shown at that trade exhibition next year in 1950. I have the book about it and the notice which is in all the magazines. It is at the back of one of the books which come in to us monthly from the Department of Trade and Commerce, and which has a map on the back of it. It shows the name of that great trade exhibition, with exhibits from all over the world, including the natural resources of Canada. I wish I had the book with me tonight. I just left the last copy in my office a moment ago. But it refers to that great trade exhibition which the Minister of Trade and Commerce has mentioned to the house on several occasions. He has referred to it at some length in the book which he has had published recently.

I now wish to say a few words with regard to this particular Bill No. 119 which is being considered tonight. It deals with many phases of this proposal. It will be noticed that the amendment which has been moved asks that the pipe line to be built by the proposed company be laid out to serve Canadian requirements before any such pipe line leaves Canadian soil. That policy has been a well established one for many years past, and it is a blessing we have had it in this country. It has meant a great deal to our people. At the present time we are a greatly coveted land, so much so that many people want to come out here, even many who know something about what the Indians and Eskimos did away up in the northern part of our country. Explorers went up there among the Indians and Eskimos. They were the pioneers in discovering the great mineral wealth which lies away back in the northern part of Canada, frozen up as it were, and they have shown us how to develop that country. There were Frobisher, Hudson, Fulton, Mackenzie and Fraser. These men made discoveries in this great northland. In the travels they made and the suffering they endured in the depth of winter, in temperatures of 60 degrees and 70 degrees below zero away up in that northland when they were the pioneers, they proved to the people of Canada and to the world the value of this land, and did much to develop that part of the country. I say therefore that we should be careful in giving away the heritage which these men discovered. The matter has been referred to extensively on all sides of the house and by some of the clergy, especially by the clergy of one great church. I have reference to one of the Church of England pastors up there who went as a humble missionary to the Indians and Eskimos, the present Right Rev. Bishop Renison. Every Wednesday on the editorial page of the *Globe and Mail* have appeared glorious articles which he has written about the northland up there, and he has been assisted largely by some of the clergy of another great church, one of the fine Christian churches up there; I refer to the Roman Catholic church. By what they have done through their bishops and their clergy, they have developed that north country as well. Two years ago they appeared

before our committee in the House of Commons which was considering the north country and the lands up there. We had several of them before us at that time, including Cardinal McGuigan, Archbishop Vachon and some others, who showed what could be done in that northland to develop the natural resources of that great country. Many of the great discoverers never realized the blessing they were conferring and what they were doing for the humble generations of workers and for trade and industry in this country when they made their great discoveries, nor did they realize the great development that would take place of the mineral wealth which the country had up there.

A country does not belong to those who inhabit it today. It is an inheritance from the past. It is just a possession for the present. It is a trust for the future. That is what I say about these natural resources. They are trusts for the future. This generation has no right to give them away in the haphazard manner in which we are doing it at the present time. I believe that is a correct doctrine. We know the blessing of employment at the present time; but we know that our own trades and industries will require this work in the future if we should run into a depression. So I say that we should be assured first that the pipe line, before it leaves Canadian soil, is going to be required to be built by this pipe line company in the manner indicated. It will be noted that, to the motion for second reading of the bill, an amendment has been moved. It was dealt with recently in connection with forest development. I was referring in another debate to the export of power, where a former president of the United States, who died after the first war, referred to this matter. President Theodore Roosevelt said:

> The people of our country are threatened by a monopoly more powerful than has ever been seen, as it affects very closely their domestic and industrial life. Our next generation will witness a shortage of those natural resources, petroleum and gas. The price of coal will be such that hydraulic power—

He dealt with that, but I cannot refer to it here. He is referring to the erection of a steam plant and all that kind of thing. He then went on to say:

> The major portion of these powers is not developed and remains the national property. It would be madness to part, without conditions, with one of our greatest resources. If we become guilty of this crime, our children will be bound to pay an annual royalty on a capitalization fixed at the highest price that the trade will stand for. They will see themselves struggling with powerful sweaters entrenched behind the doctrine of discharged rights strengthened by all means of protection that money can buy and the cunning of corporations defended by legal men. These ogres of finance will have succeeded long before then to monopolize those resources so as to be able to dictate to the people the management of their affairs and their ways of existence. Public opinion will be their least worry.

That is the reference he made to it. The late Theodore Roosevelt was a great statesman of that time.

I remember when he came to our city and addressed a meeting in the armouries before the first war closed in 1918. He came and addressed a magnificent meeting there. Colonel Denison, the police magistrate, who had been the defender of the natural resources of the country, introduced him. The late Colonel Denison won the Czar of Russia's prize in 1878 for Canada. He was a great statesman as well. He believed that we should conserve the natural resources of the people of this country for the people of the country. We have no right to part with them or to give them away in the manner indicated.

I do not wish to be unfair. There are other hon. members who would like to speak on this bill. I cannot refer to the text of the bill on second reading, and I do not intend to. I just wish to say this about the pipe line companies. They were placed under the control of the board of transport commissioners. They were given wide powers under the general Pipe Lines Act. I noticed that this bill was taken out of the general act. They will no doubt have to get a permit from the province of Alberta, an export permit I believe it is called. I think that is the phrase used in the statute. I have the statute here but I shall not read it.

The Alberta act requires the permit to be taken out by the company before the gas can leave Alberta. When it does go through Alberta it heads for the Pacific coast. The amendment will provide for that. But before it leaves Canadian soil the pipe line must meet certain requirements laid down in the proposed amendment to the bill. So far as I can see that is a very wise proviso.

We used to be called a nation of property owners. Years ago we were a nation of property owners. Everybody owned some property. It may have been a small mill, a little grocery store, or a small wagon. It may have been a little factory, but we were all property owners. We have been slow to see how we have become a nation not of property owners but of people who do not own a foot of property. In the city from which I come we were looked upon as a nation of property owners. Nearly 75 per cent of the people in that city owned their own homes. Now, everything has been given away. We do not own anything. I doubt whether anybody wants to own anything, because sooner or

later taxes of all kinds will take it away. High rents, high railway fares now, nothing for Christmas, everything is going sky high. Departments are multiplying. With the parliamentary assistants, we have pretty nearly a hundred now. I propose that we call a halt to it.

I doubt whether people can buy property. I doubt whether there is any money in the country left to buy property. What I object to in this particular bill is that it is taken out of the general Pipe Lines Act. Without the authority of the committee, or without the authority of anybody, it is taken out of the general Pipe Lines Act which this house placed under the control of the board of transport commissioners. They were given the right to decide it. Now, who is going to decide it? Without consulting the board of transport commissioners they wiped it out with one stroke accordingly. I object to the way in which we are dealing with this matter. I object to the way in which we are giving away the natural resources of the country.

The bill is also faulty in many other ways. This matter was dealt with the other day by two of my colleagues from Calgary. They had something to say about the development of this work. They raised certain objections to it. I have referred to our forests, our lumber interests and many other great interests and have said what it would mean to trade. I referred to the power development and I said that tens of millions of kilowatt hours of power were exported to help industry in the United States. I have no objection. We are competitors for trade, and no doubt it was done by agreement. But I do object when it interferes with trade and industry in this country. It would provide a great deal of employment for our people. We may run into dislocation of business in a few years, and power developments such as these, where millions and millions of kilowatt hours are given away, would be a great help. We are all competitors for trade on the continent of America. There is no doubt about that at all. Therefore I say I am for a policy of Canada for Canadians. I am for a policy to build up our own trade, to build up our own country, to develop this country first, last and all the time before we develop another man's country, especially when we are competitors for the trade of the world. We are living on export trade. That is where we are making our living. Ships are now tied up because they cannot get cargoes. It reminds me of the close of the first great war. In Great Britain for taxes you could buy a man-of-war. I held up pages of the old *Post* of London, England, which contained a map. One night in the House of Commons when I was sitting over in the seat in which my colleague from Calgary city now sits, I held up pictures of ships which had been sold for taxes. Shipping is now tied up. How are we going to develop the trade and natural resources of this country if we have not shipping? It is the same on the Pacific. Ships are remaining idle because there is no trade for them.

It is the same with the export of power. I have no objection if it is exported on contract or by agreement; far from it. Hundreds of millions of kilowatt hours are given away to develop our competitors' industry across the border. I do object to that. I want to see us have a policy of Canada for Canadians first, last and all the time, not the policy that has been proposed in this house for many years past. Parliament used to deal with public matters; it used to deal with private bills. I say that the rights of private members are being challenged, because this bill should go to the private bills committee. This is not a bill which should go to the committee on banking and commerce, at all.

We used to have a committee on industrial relations. I was a member of it years ago, when the former member for Winnipeg North Centre, Mr. Woodsworth, sat in the house. I came to the house the same day he did—and may I say he was a very fine gentleman. I think his wife lives in my constituency at the present time. They were a fine family, all the way through. I knew the late gentleman very well. I attended Parkdale collegiate, and I think he used to attend. They were from Dixie, Ontario, the place where Tommy Kennedy comes from. That is the Hon. Thomas Kennedy, formerly premier of Ontario. He attended Parkdale collegiate, too. He was a colleague of my hon. friend the present leader of the official opposition (Mr. Drew).

I believe in a policy of developing our own industries ourselves for the people of Canada. We ought not to depart from that policy or give it away to our competitors in the manner indicated here. It is my view that this bill should have been considered by the committee on private bills, and that is one of my chief reasons for opposing it. I do say that in these dying days of the session I object to any challenge to the rights and functions and privileges which as private members we used to have, when we first entered the House of Commons.

Do not forget this, that the private member is the connecting link and the only connecting

link, between the government and the electors. When he ceases, the functions of parliamentary government are at an end. That is what happens—it is the end. When we are asked to vote away our resources in this way, we are voting to hamstring parliament.

The other day I met an old friend from Fort William (Mr. McIvor) on the elevator in this building and was complimenting him upon his effort in the house, when he had objected to someone suggesting that he was only a rubber stamp. I said he showed spirit which would have served him well in a boxing bout, and I nominated the hon. member for Calgary West (Mr. Smith), who is known as a sport, to act as judge. I thought he would look after our beloved clergyman over there, in that corner, with our men over here in this corner, and the hon. member for Calgary West would be the judge. Perhaps I should not say much more about the hon. member for Fort William, because he is not in his seat tonight. I do say about him however that he is a fine sportsman, and I have known him a long time.

Let me say in conclusion that this bill should have been considered by the committee on private bills. We used to have some rights and privileges in parliament, when I first came here. I doubt very much that anyone now seeks the privilege of becoming a member. What is the use, I ask? We are just wasting our time. We have no power; our functions, rights and privileges have been taken away from us. We are losing our rights; we are losing employment; we are losing industry; we are losing trade and commerce; we are attempting to develop somebody else's property at the expense of the Canadian people.

For those reasons I object to this proposal to hand over our rights, functions and privileges to somebody else. And I will say this to the private members, that many of them come from municipalities. I am glad to see them here. Those men who contest municipal elections are closer to the people than are members of the federal government.

A rule was placed on the Ontario statute books whereby no franchise could be given away in any municipality of Ontario without first having a vote of the people. That was a good and sensible proviso. I doubt if we would ever have owned our own street car systems, or our power and hydro electric developments if that had not been the law of the land in Ontario. Had it not been we would not own the Toronto transportation commission, and would not have any street cars to travel to that magnificent winter fair. In Ontario we do not hand out franchises in a haphazard way.

There is no control over these pipe line routes. I call it a pipe dream act, and that is what it is—just a pipe dream act. It hands out other people's property—and to whom? It hands it out to every Tom, Dick and Harry who wants to have it. Definitely that it not the law in Ontario, where a franchise must first be voted on by the ratepayers in their municipalities. None of the members coming from Ontario could take part in giving away a franchise without first having the vote of the people at municipal elections.

It is the people who own the property and give it away; that is the law in Canada. What law have we? What power have we in the House of Commons to hand over property which I say should belong to the people? After all is said and done, the country does not belong to the House of Commons. It is an inheritance of the past and a possession for the present. It is a trust for the future, and we have no right to hand it away. As President Roosevelt said, we have no right to hand out property to those who come along and ask for it or grab it—and then make a lot of wealth out of it in the way it is proposed to do in these pipe line bills.

We should be very careful before giving away our natural resources in any haphazard manner. Hon. members would not give their own property away in that manner. If they would not do that, then why as members of the House of Commons, with business capacity—and many hon. members, if not all of them, have such capacity—should they give away natural resources?

I remember on one occasion when the hon. member for Temiscouata (Mr. Pouliot) was standing in the company of the hon. member for Lethbridge (Mr. Blackmore) and myself in front of the Sir John A. Macdonald monument. Mr. Boucher, who used to represent the constituency of Carleton, was also there. The hon. member for Temiscouata asked if we saw anything wrong with the monument. I did not—because I am shortsighted, anyway. Then he said, "Look at his glasses; he has a pair of glasses in his right hand". I asked why and the member for Temiscouata said some people said Sir John was shortsighted and I said no, what Sir John was probably looking for was an honest man in the parliament buildings. I said that so far as I knew, they were all honest men in there. He said he was very much amused. After listening to the hon. member for Temiscouata (Mr. Pouliot) I began to think that he would have made his fortune as a comedian. There is a great element of truth in what was said by Sir Wilfrid Laurier that we have no right to give away the natural heritages of this country. Sir Wilfrid Laurier had an east

and west and overseas policy in connection with our natural resources, to develop our own country, first, last and always.

Mr. Sinclair: Mr. Speaker, I rise on a question of privilege. When I spoke a few moments ago the hon. member for Calgary West (Mr. Smith) challenged the statement I made that the Westcoast Transmission Company Limited which was incorporated last year intended to follow the same route proposed to be followed by the company now seeking incorporation. I have in my hand a copy of the application made by the Westcoast Transmission Company Limited to the Board of Transport Commissioners of Canada on May 11, 1949, setting out a new route identical with the one requested by the present bill, that is, through the United States.

Mr. Smith (Calgary West): The hon. member for Coast-Capilano (Mr. Sinclair) was good enough to see me in the interval and I assured him that if I was wrong in my statement I would take the first public opportunity to apologize to him and to the house. I suggest to him that I still think that he was wrong and I would like an opportunity of looking into it.

Hon. R. W. Mayhew (Minister of Fisheries): Mr. Speaker, I have not taken part in this debate although I have felt like doing so many times. Every evening when this matter came up I thought that we would have a vote, but on each occasion someone would talk out the bill and prevent it from being sent to the committee where it would get the study it deserves. I have noticed there are very few hon. members who have spoken who seem to know very much about this.

Mr. Green: It was studied in the Senate.

Mr. Sinclair: We are not guided by the Senate; this is the House of Commons. The hon. member would like to go over there.

Mr. Smith (Calgary West): I shall apologize only once to the hon. member so I ask him to be careful.

Mr. Mayhew: In talking out this bill hon. members are doing—

An hon. Member: What are you doing?

Mr. Mayhew: What am I doing? One hon. member spoke for over forty minutes and no one called him to order. I am not going to talk it out. I simply want an opportunity to say what I have to say. In talking out these bills hon. members are bringing about one of two results. We are either going to have one company operating a pipe line in Canada under a monopoly or we are going to have no pipe line at all. You can take your choice between the two. In my opinion hon. members who have been following the tactics that have been started are simply obstructing the development of oil in Alberta.

Mr. Drew: This is gas.

Mr. Mayhew: And the getting of that gas to British Columbia. I have great respect for the hon. member for Calgary West (Mr. Smith) but the other evening he said that we should remember that there is going to be only one pipe line. Then he went on to say that this pipe line should be built on Canadian soil. I think he should be asked to give us his authority for making such a definite statement to the house.

Mr. Smith (Calgary West): There is only market enough for what can be carried by one pipe line. If the minister will read my speech he will find that statement in it.

Mr. Mayhew: There is a great difference of opinion as to where the market is, and that is the reason why I wanted to speak tonight. Several other statements were made by the hon. member for Calgary West and I think he should read his own speech over again. As I say, he said that there was room only for one pipe line from Alberta to British Columbia. A statement such as that shows an entire lack of the size and importance of British Columbia.

That province can be developed if we get the necessary gas, but it will take more than one pipe line to carry that necessary gas. The hon. member said that it would require from 1,500 to 2,000 gas wells to supply the gas. On what size well does he base that statement? Two wells came in recently in British Columbia, one producing about 20,000 cubic feet and another 500,000 cubic feet. Which well would he take as his measurement?

Mr. Smith (Calgary West): How much do you take out of a well? You cannot take all of it out. I have consulted more engineers about this than the minister ever knew.

Mr. Mayhew: I maintain that it will take more than one pipe line to take care of the needs of British Columbia. Nature has provided routes for two pipe lines from Alberta to British Columbia, one through the Yellowhead pass and the other through the Crowsnest pass. Gas is to be found at the gateways to both of those passes. A great volume of gas is available in the Leduc field and the northern area of Alberta, with some in British Columbia. This could be carried by a pipe line into British Columbia following the route taken by the Canadian National Railways and the Great Northern railway.

Then at the mouth of the Crowsnest pass is the Pincher Creek field which could provide a tremendous supply of gas. The pipe line from there should in my opinion go through the Crowsnest pass to Frank, through Coleman, Fernie, then into Cranbrook and Kimberley, and then down the west side of the interior in order to develop that whole area. Anyone who knows anything about British Columbia knows that it is a province of mountains and valleys. It would be utterly impossible to put a pipe line through in just one direction. In my opinion the proper way is to go south and then north into the Kootenay and Okanagan valleys, the line to go from the south to the north. Then on the other side the proper route to follow would be from the north to the south, having the two meet.

We need all the gas that we can get. However, it should be remembered that the gas belongs to Alberta, although we might question that as the gas was there before the boundary line between British Columbia and Alberta was decided upon. But they are handling it well and are doing a good job of looking after it.

I am sure that when there is a supply sufficient to take care of our needs we shall get it, but we should get it through more than one line. What you are doing tonight is saying that we are going to have a monopoly or we are going to have no gas. I say to you: Let the bill be voted on and go to the standing committee on railways, canals and telegraph lines where we can secure the evidence of experts as to what should be done.

Let me tell you this fact about the export of gas and oil. Do not let us forget that today there is a pipe line running from the United States into Montreal and supplying Canada with oil.

Mr. Harkness: That is oil.

Mr. Mayhew: That is oil. You were talking about oil also in this debate.

Mr. Harkness: I was talking about gas.

Mr. Stuart (Charlotte): They are talking about pipe lines.

Mr. Mayhew: They are talking about pipe lines. Gas comes into the Windsor district to take the place of the supply they used to get from the wells in the Chatham area.

Mr. Drew: Where they ran out of it.

Mr. Mayhew: As Canadians we should be supplied first with the gas we need and then, just the same as with anything else, we should export our surplus. If we have a surplus of gas and oil then I say we have every right to export it unless we want to build a fence around ourselves and become isolated from everybody else. That is not the kind of world in which we are living today. I do not think anybody in the house can accuse me of wanting to sell our heritage for a mess of pottage. There are very few in this chamber who have spent more of their time and energy on trying to develop this country than I have. I should like to tell the hon. member for Calgary West (Mr. Smith) that, when the first oil field was drilled in the province of Alberta, when people thought it was a wild gamble and there was no oil in the Turner valley, some of my money was invested in that project taking a long chance.

Mr. Smith (Calgary West: Tell them that for twenty-six years I lived in the house you built, if you want to get close to me.

Mr. Mayhew: I have had a pretty long association with this matter. I have never made any money out of it, but I have had the satisfaction at least of helping in its development. I do not want to take any more time because I see it is a quarter to eleven, but I hope that we can have a vote tonight so that the bill may go to the committee.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, everybody is quite prepared to have a vote tonight as soon as he himself is finished talking. I have not occupied any of the time of the house on this bill, and I would not be occupying it now if it were not for the fact that the hon. member for Coast-Capilano (Mr. Sinclair) provoked me into rising at this time. He accused members of the C.C.F. group of talking for forty minutes on every matter that comes up in the house. As I have just pointed out, I have not had anything to say about these measures so far.

Mr. Sinclair: You are now.

Mr. Gillis: The hon. member for Coast-Capilano is responsible for provoking me into entering this debate. I had something to do with the five bills that were passed by the house during the last session, and I think it is immaterial what you say about the rest of these bills in the light of what we did in April of this year. On the 27th of the month the other place handled these five measures and sent them over here. We discussed and gave second reading to them on the evening of the 29th of April without having any information as to who was sponsoring the bills or where the pipe lines were going.

The hon. member for Coast-Capilano stated a few minutes ago that these bills went before a standing committee before they received third reading, and that there was a thorough investigation of them. I want to recall to hon. members who were here just before the house was dissolved at that time

that we gave second reading to them on the evening of the 29th and they received third reading on the morning of the 30th, the day the house was dissolved. There was not very much discussion on those measures during that brief interval.

The Minister of Fisheries (Mr. Mayhew) has just advanced an excellent argument in favour of the amendment. He said that these pipe lines should follow a Canadian route, that Canadian needs should be supplied first, and then we should export our surplus. That is exactly what the amendment says. If those sponsoring these bills can tell the house that they are prepared to carry out the views expressed by the Minister of Fisheries then any objection we may have will be withdrawn.

I rose to point out one thing because nobody else has done so. I do not like to repeat arguments that someone else has made. On April 27, 1949, the other place passed on this problem to us. What I do not like about the business in the first place is that it is back door legislation. It is initiated in the wrong place. If you will recall at that time these bills were introduced, and Bill B8 of the other place, which was Bill 238 of this house, was the master bill. It provided for a capitalization of some $200 million, and for the sale of four million shares at $50 per share. That was the key bill; that was the financial bill. That is the company that is going to own and control whatever auxiliaries are set up afterwards. The other four bills that were passed with this joker did not provide for any capital at all. They were merely stock promotion bills. For example, Bill 240, letter D of the other place, provided for no capital but they are going to sell five million shares, and no par value is stated and no nominal sum per share. The company with the capital will get the smaller companies to front for them, and in the final analysis it will buy the shares of the subsidiary companies. The directors mentioned in the bill providing for $200 million capital will own and control these subsidiary companies by buying up their shares.

That is not new. I presume the hon. member for Coast-Capilano has read Myers' "History of Canadian Wealth". Anyone who has read that book knows that this is the usual front for practically every stock promotion scheme that the country has seen. I do not like to see us not being smarter than that in 1949. Surely we should develop new and better mechanics of fooling the people. So far as I am concerned, I am quite prepared to form as many of these companies as possible because, as the Minister of Fisheries pointed out, in the final analysis Alberta has the right to license any company that may be exporting gas or oil from that province. The more legitimate companies the province of Alberta has coming to it for licences, companies with the necessary capital and facilities to export gas or oil, the better it is for the province. Alberta will be able to differentiate between a company following a United States route and a company following an all-Canadian route. The final say is in the hands of the government of Alberta as to what companies will get that product for export.

Mind you, this bill is exactly the same as the other four I mentioned, which were put through in April of this year. There is no capital; the stock has no par value. They are going to sell a million dollars' worth of shares, but they do not say how much a share will cost. There is nothing like that in the bill. Bill No. 238 of last session was the master bill that takes over these other companies when they are formed, lock, stock and barrel.

I wanted to point that out, because all over this country the history has been the same. Railways were mentioned by the hon. member for Vancouver East (Mr. MacInnis). Since this session opened we have seen the government of Canada taking steps to buy up the Temiscouata railway, and to extend another railway in western Canada. This parliament granted franchises to companies that did not have the capital necessary to develop and expand these railways, and after years of inefficiency, after dragging along on a shoe string, performing practically no service, the government has to spend a lot of money to take them over and develop them.

If we are going to do anything along this line the only franchise that should have been granted was the first one, to the company with the capital necessary to go ahead with the project and service the Canadian people. The sentiments expressed by the Minister of Fisheries (Mr. Mayhew) would have been more to the point if this company had intended to follow an all-Canadian route. I believe we should export our surpluses, and should not have to depend upon the United States to give us back what they do not need. If this line follows the suggested route there is no doubt the main valve will be in the United States, and we will just get what they do not want. I do not want to talk out these bills, but just to refresh the memory of the Minister of Fisheries, who made an excellent speech for an all-Canadian route, I should like to read the amendment again, because I want to see him vote for it:

That Bill No. 119 be not now read a second time but that it be resolved that in the opinion of this

house further consideration of this bill should be deferred until the house has been assured that the route of any pipe line built by the proposed company will be laid out so as to serve Canadian requirements before any such pipe line leaves Canadian soil.

That is all I intend to say, in order that we may have a vote on this immediately.

Mr. A. L. Smith (Calgary West): Mr. Speaker, we are not going to have a vote on this immediately. That is the first time I have been able to speak in this house with authority as to what the house is going to do. I intend to discuss first something which I hope may clarify the legal position though some people may say that my remarks will further confuse it. We have all been proceeding on the assumption that the province of Alberta has authority to forbid this gas going from that province. We have taken our cue in that regard from a statement made by the Prime Minister (Mr. St. Laurent); that, in short, was exactly what he said. I am a humble member of my profession, Mr. Speaker, and I have a great deal of timidity in submitting an opinion which may be in any way contrary to that expressed by this eminent lawyer who is our Prime Minister; but in my view that is an incorrect statement of the legal position. I put it on this broad ground; so that everyone may understand, I ask this simple question. Since when did any province of Canada have authority over interprovincial trade? The answer is never. So while the province of Alberta, no doubt with their tongue in their cheek, passed an act dealing with this very matter, I think they know very well that they passed legislation which is quite beyond their jurisdiction.

I give this simple illustration, which is familiar to all. During and after the war there was much discussion in this house about the shipment of cattle from Canada to the United States. Those of us who were here in the last parliament will remember those discussions. Such shipments were then embargoed; but they were not embargoed by the provinces in which the cattle were raised. The embargo was put on by the dominion government under emergency powers this government possessed by virtue of the War Measures Act. But the point remains, and I am sure I am correct in my statement, that the province of Alberta has not the right to say whether or not gas shall be exported from this country. In my judgment that is a matter solely for the Minister of Trade and Commerce (Mr. Howe), who has taken authority—and when I say that I mean he has been given authority by this parliament—to say whether or not these things may be exported from this country. It is my humble opinion that he and only he, not the province of Alberta, may deal with exports from that province or from the dominion.

It being eleven o'clock, Mr. Speaker, I move the adjournment of the debate.

Motion agreed to and debate adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow, which is a short day, we shall continue with the debate on the second reading of Bill No. 144, to amend the Combines Investigation Act. Being an optimist I think I can announce that after that we shall take up Nos. 64 and 65, which are two Department of Justice bills. If we have time we will take up Bill No. 63, respecting the inspection of fish and marine plants.

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

END OF VOLUME II