



# THE SENATE OF CANADA

SPEAKER: Hon. Élie Beauregard

## Official Report of Debates

1950

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V. LEMIRE, M.B.E. (Sessional)

*Translators:* THE BUREAU FOR TRANSLATIONS

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THIRD (SPECIAL) SESSION—TWENTY-FIRST PARLIAMENT  
14 GEORGE VI.

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OTTAWA  
EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
KING'S PRINTER AND CONTROLLER OF STATIONERY

1951

## THE CANADIAN MINISTRY

According to Precedence as at August 7, 1950

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- THE RIGHT HONOURABLE LOUIS STEPHEN  
ST. LAURENT ..... Prime Minister and President of the  
King's Privy Council for Canada.
- THE RIGHT HONOURABLE CLARENCE  
DECATUR HOWE ..... Minister of Trade and Commerce.
- THE RIGHT HONOURABLE JAMES  
GARFIELD GARDINER ..... Minister of Agriculture.
- THE HONOURABLE JAMES ANGUS  
MACKINNON ..... A Member of the Administration and  
Minister without Portfolio.
- THE HONOURABLE HUMPHREY  
MITCHELL ..... Minister of Labour.
- THE HONOURABLE ALPHONSE  
FOURNIER ..... Minister of Public Works.
- THE HONOURABLE BROOKE CLAXTON .... Minister of National Defence.
- THE HONOURABLE LIONEL CHEVRIER .... Minister of Transport.
- THE HONOURABLE PAUL JOSEPH JAMES  
MARTIN ..... Minister of National Health and  
Welfare.
- THE HONOURABLE DOUGLAS CHARLES  
ABBOTT ..... Minister of Finance and Receiver  
General.
- THE HONOURABLE JAMES J. McCANN.... Minister of National Revenue and  
Minister of Mines and Technical  
Surveys.
- THE HONOURABLE WISHART MCL.  
ROBERTSON ..... Leader of the Government in the  
Senate.
- THE HONOURABLE MILTON FOWLER  
GREGG ..... Minister of Veterans Affairs.
- THE HONOURABLE ROBERT WELLINGTON  
MAYHEW ..... Minister of Fisheries.
- THE HONOURABLE LESTER BOWLES  
PEARSON ..... Secretary of State for External Affairs.
- THE HONOURABLE STUART SINCLAIR  
GARSON ..... Minister of Justice and Attorney  
General.

- THE HONOURABLE ROBERT HENRY  
WINTERS ..... Minister of Resources and Development.
- THE HONOURABLE FREDERICK GORDON  
BRADLEY ..... Secretary of State of Canada.
- THE HONOURABLE HUGUES LAPOINTE .. Solicitor General of Canada.
- THE HONOURABLE GABRIEL EDOUARD  
RINFRET ..... Postmaster General.
- THE HONOURABLE WALTER EDWARD  
HARRIS ..... Minister of Citizenship and  
Immigration.
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**PRINCIPAL OFFICERS OF THE PRIVY COUNCIL**

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- Clerk of the Privy Council and  
Secretary to the Cabinet ..... N. A. ROBERTSON, Esquire.
- Assistant Clerk of the Privy Council ... A. M. HILL, Esquire.

# SENATORS OF CANADA

## ACCORDING TO SENIORITY

AUGUST 29, 1950

THE HONOURABLE ÉLIE BEAUREGARD, SPEAKER

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
THOMAS JEAN BOURQUE.....	Richibucto.....	Richibucto, N.B.
JAMES A. CALDER, P.C.....	Saltcoats.....	Regina, Sask.
ARTHUR C. HARDY, P.C.....	Leeds.....	Brockville, Ont.
SIR ALLEN BRISTOL AYLESWORTH, P.C., K.C.M.G.....	North York.....	Toronto, Ont.
WILLIAM ASHBURY BUCHANAN.....	Lethbridge.....	Lethbridge, Alta.
WILLIAM H. MCGUIRE.....	East York.....	Toronto, Ont.
DONAT RAYMOND.....	De la Vallière.....	Montreal, Que.
GUSTAVE LACASSE.....	Essex.....	Tecumseh, Ont.
CAIRINE R. WILSON.....	Rockcliffe.....	Ottawa, Ont.
JAMES H. KING, P.C.....	Kootenay East.....	Victoria, B.C.
ARTHUR MARCOTTE.....	Ponteix.....	Ponteix, Sask.
CHARLES COLQUHOUN BALLANTYNE, P.C.....	Alma.....	Montreal, Que.
WILLIAM HENRY DENNIS.....	Halifax.....	Halifax, N.S.
LUCIEN MORAUD.....	La Salle.....	Quebec, Que.
RALPH BYRON HORNER.....	Blaine Lake.....	Blaine Lake, Sask.
WALTER MORLEY ASELTINE.....	Rosetown.....	Rosetown, Sask.
FELIX P. QUINN.....	Bedford-Halifax.....	Bedford, N.S.
IVA CAMPBELL FALLIS.....	Peterborough.....	Peterborough, Ont.
HENRY A. MULLINS*.....	Marquette.....	Winnipeg, Man.
JOHN T. HAIG.....	Winnipeg.....	Winnipeg, Man.
EUGÈNE PAQUET, P.C.....	Lauzon.....	Rimouski, Que.
WILLIAM DUFF.....	Lunenburg.....	Lunenburg, N.S.

\*Resigned, Sept. 5, 1950

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
JOHN W. DE B. FARRIS.....	Vancouver South.....	Vancouver, B.C.
ADRIAN K. HUGESSEN.....	Inkerman.....	Montreal, Que.
NORMAN P. LAMBERT.....	Ottawa.....	Ottawa, Ont.
J. FERNAND FAFARD.....	De la Durantaye.....	L'Islet, Que.
ARTHUR LUCIEN BEAUBIEN.....	Provencher.....	St. Jean Baptiste, Man.
JOHN J. STEVENSON.....	Prince Albert.....	Prince Albert, Sask.
ARISTIDE BLAIS.....	St. Albert.....	Edmonton, Alta.
DONALD MACLENNAN.....	Margaree Forks.....	Port Hawkesbury, N.S.
CHARLES BENJAMIN HOWARD.....	Wellington.....	Sherbrooke, Que.
ELIE BEAUREGARD (Speaker).....	Rougemont.....	Montreal, Que.
ATHANASE DAVID.....	Sorel.....	Montreal, Que.
SALTER ADRIAN HAYDEN.....	Toronto.....	Toronto, Ont.
NORMAN MCLEOD PATERSON.....	Thunder Bay.....	Fort William, Ont.
WILLIAM JAMES HUSHION.....	Victoria.....	Westmount, Que.
JOSEPH JAMES DUFFUS.....	Peterborough West.....	Peterborough, Ont.
WILLIAM DAUM EULER, P.C.....	Waterloo.....	Kitchener, Ont.
LÉON MERCIER GOUIN.....	De Salaberry.....	Montreal, Que.
THOMAS VIEN, P.C.....	De Lorimier.....	Outremont, Que.
PAMPHILE RÉAL DUTREMBLAY.....	Repentigny.....	Montreal, Que.
WILLIAM RUPERT DAVIES.....	Kingston.....	Kingston, Ont.
JAMES PETER MCINTYRE.....	Mount Stewart.....	Mount Stewart, P.E.I.
GORDON PETER CAMPBELL.....	Toronto.....	Toronto, Ont.
WISHART McL. ROBERTSON, P.C.....	Shelburne.....	Bedford, N.S.
TÉLESPHORE DAMIEN BOUCHARD.....	The Laurentides.....	St. Hyacinthe, Que.
ARMAND DAIGLE.....	Mille Iles.....	Montreal, Que.
CYRILLE VAILLANCOURT.....	Kennebec.....	Levis, Que.
JACOB NICOL.....	Bedford.....	Sherbrooke, Que.
THOMAS ALEXANDER CRERAR, P.C.....	Churchill.....	Winnipeg, Man.
WILLIAM HORACE TAYLOR.....	Norfolk.....	Scotland, Ont.
FRED WILLIAM GERSHAW.....	Medicine Hat.....	Medicine Hat, Alta.
JOHN POWER HOWDEN.....	St. Boniface.....	Norwood Grove, Man.
CHARLES EDOUARD FERLAND.....	Shawinigan.....	Joliette, Que.
VINCENT DUPUIS.....	Rigaud.....	Longueuil, Que.
CHARLES L. BISHOP.....	Ottawa.....	Ottawa, Ont.
JOHN JAMES KINLEY.....	Queens-Lunenburg.....	Lunenburg, N.S.
CLARENCE JOSEPH VENIOT.....	Gloucester.....	Bathurst, N.B.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
ARTHUR WENTWORTH ROEBUCK.....	Toronto-Trinity.....	Toronto, Ont.
JOHN ALEXANDER McDONALD.....	Kings.....	Halifax, N.S.
ALEXANDER NEIL McLEAN.....	Southern New Brunswick..	Saint John, N.B.
FREDERICK W. PIRIE.....	Victoria-Carleton.....	Grand Falls, N.B.
GEORGE PERCIVAL BURCHILL.....	Northumberland.....	South Nelson, N.B.
JEAN MARIE DESSUREAULT.....	Stadacona.....	Quebec, Que.
JOSEPH RAOUL HURTUBISE.....	Nipissing.....	Sudbury, Ont.
PAUL HENRI BOUFFARD.....	Grandville.....	Quebec, Que.
JAMES GRAY TURGEON.....	Cariboo.....	Vancouver, B.C.
STANLEY STEWART McKEEN.....	Vancouver.....	Vancouver, B.C.
THOMAS FARQUHAR.....	Algoma.....	Little Current, Ont.
JOSEPH WILLIE COMEAU.....	Clare.....	Comeauville, N.S.
GEORGE HENRY ROSS.....	Calgary.....	Calgary, Alta.
JAMES GORDON FOGO.....	Carleton.....	Ottawa, Ont.
JOHN CASWELL DAVIS.....	Winnipeg.....	St. Boniface, Man.
THOMAS H. WOOD.....	Regina.....	Regina, Sask.
JAMES ANGUS MACKINNON, P.C.....	Edmonton.....	Edmonton, Alta.
THOMAS VINCENT GRANT.....	Montague.....	Montague, P.E.I.
HENRY READ EMMERSON.....	Dorchester.....	Dorchester, N.B.
J. J. HAYES DOONE.....	Charlotte.....	Black's Harbour, N.B.
JOSEPH ADÉLARD GODBOUT.....	Montarville.....	Frelighsburg, Que.
WILLIAM ALEXANDER FRASER.....	Trenton.....	Trenton, Ont.
WILLIAM HENRY GOLDING.....	Huron-Perth.....	Seaforth, Ont.
GEORGE H. BARBOUR.....	Prince.....	Charlottetown, P.E.I.
ALEXANDER BOYD BAIRD.....	St. John's.....	St. John's Nfld.
RAY PETTEN.....	Bonavista.....	St. John's, Nfld.
THOMAS REID.....	New Westminster.....	New Westminster, B.C.
ROBERT WILLIAM GLADSTONE.....	Wellington South.....	Guelph, Ont
J. WESLEY STAMBAUGH.....	Bruce.....	Bruce, Alta.
VINCENT P. BURKE.....	St. Jacques.....	St. John's, Nfld.
GORDON B. ISNOR.....	Halifax-Dartmouth.....	Halifax, N.S.
CHARLES G. HAWKINS.....	Milford-Hants.....	Milford Station, N.S.

# SENATORS OF CANADA

## ALPHABETICAL LIST

AUGUST 29, 1950

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
ASELTINE, W. M.....	Rosetown.....	Rosetown, Sask.
AYLESWORTH, SIR ALLEN, P.C., K.C.M.G.....	North York.....	Toronto, Ont.
BAIRD, ALEXANDER BOYD.....	St. John's.....	St. John's, Nfld.
BALLANTYNE, C. C., P.C.....	Alma.....	Montreal, Que.
BARBOUR, GEORGE H.....	Prince.....	Charlottetown, P.E.I.
BEAUBIEN, A. L.....	Provencher.....	St. Jean Baptiste, Man.
BEAUREGARD, ELIE (Speaker).....	Rougemont.....	Montreal, Que.
BISHOP, CHARLES L.....	Ottawa.....	Ottawa, Ont.
BLAIS, ARISTIDE.....	St. Albert.....	Edmonton, Alta.
BOUCHARD, TELESOPHORE DAMIEN.....	The Laurentides.....	St. Hyacinthe, Que.
BOUFFARD, PAUL HENRI.....	Grandville.....	Quebec, Que.
BOURQUE, T. J.....	Richibucto.....	Richibucto, N.B.
BUCHANAN, W. A.....	Lethbridge.....	Lethbridge, Alta.
BURCHILL, GEORGE PERCIVAL.....	Northumberland.....	South Nelson, N.B.
BURKE, VINCENT P.....	St. Jacques.....	St. John's, Nfld.
CALDER, J. A., P.C.....	Salcoats.....	Regina, Sask.
CAMPBELL, G. P.....	Toronto.....	Toronto, Ont.
COMEAU, JOSEPH WILLIE.....	Clare.....	Comeauville, N.S.
CRERAR, THOMAS ALEXANDER, P.C.....	Churchill.....	Winnipeg, Man.
DAIGLE, ARMAND.....	Mille Isles.....	Montreal, Que.
DAVID, ATHANASE.....	Sorel.....	Montreal, Que.
DAVIES, WILLIAM RUPERT.....	Kingston.....	Kingston, Ont.
DAVIS, JOHN CASWELL.....	Winnipeg.....	St. Boniface, Man.
DENNIS, W. H.....	Halifax.....	Halifax, N.S.
DESSUREAULT, JEAN MARIE.....	Stadacona.....	Quebec, Que.
DOONE, J. J. HAYES.....	Charlotte.....	Black's Harbour, N.B.
DUFF, WILLIAM.....	Lunenburg.....	Lunenburg, N.S.
DUFFUS, J. J.....	Peterborough West.....	Peterborough, Ont.
DUPUIS, VINCENT.....	Rigaud.....	Longueuil, Que.

## SENATORS OF CANADA

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
DUTREMBLAY, PAMPHILE RÉAL.....	Repentigny.....	Montreal, Que.
EMMERSON, HENRY READ.....	Dorchester.....	Dorchester, N.B.
EULER, W. D., P.C.....	Waterloo.....	Kitchener, Ont.
FAFARD, J. F.....	De la Durantaye.....	L'Islet, Que.
FALLIS, IVA CAMPBELL.....	Peterborough.....	Peterborough, Ont.
FARQUHAR, THOMAS.....	Algoma.....	Little Current, Ont.
FARRIS, J. W. DE B.....	Vancouver South.....	Vancouver, B.C.
FERLAND, CHARLES EDOUARD.....	Shawinigan.....	Joliette, Que.
FOGO, JAMES GORDON.....	Carleton.....	Ottawa, Ont.
FRASER, WILLIAM ALEXANDER.....	Trenton.....	Trenton, Ont.
GERSHAW, FRED WILLIAM.....	Medicine Hat.....	Medicine Hat, Alta.
GLADSTONE, ROBERT WILLIAM.....	Wellington South.....	Guelph, Ont.
GODBOUT, JOSEPH ADÉLARD.....	Montarville.....	Frelighsburg, Que.
GOLDING, WILLIAM HENRY.....	Huron-Perth.....	Seaforth, Ont.
GOUIN, L. M.....	De Salaberry.....	Montreal, Que.
GRANT, THOMAS VINCENT.....	Montague.....	Montague, P.E.I.
HAIK, JOHN T.....	Winnipeg.....	Winnipeg, Man.
HARDY, A. C., P.C.....	Leeds.....	Brockville, Ont.
HAWKINS, CHARLES G.....	Milford-Hants.....	Milford Station, N.S.
HAYDEN, S. A.....	Toronto.....	Toronto, Ont.
HORNER, R. B.....	Blaine Lake.....	Blaine Lake, Sask.
HOWARD, C. B.....	Wellington.....	Sherbrooke, Que.
HOWDEN, JOHN POWER.....	St. Boniface.....	Norwood Grove, Man.
HUGESSEN, A. K.....	Inkerman.....	Montreal, Que.
HURTUBISE, JOSEPH RAOUL.....	Nipissing.....	Sudbury, Ont.
HUSHION, W. J.....	Victoria.....	Westmount, Que.
ISNOR, GORDON B.....	Halifax-Dartmouth.....	Halifax, N.S.
KING, J. H., P.C.....	Kootenay East.....	Victoria, B.C.
KINLEY, JOHN JAMES.....	Queens-Lunenburg.....	Lunenburg, N.S.
LACASSE, G.....	Essex.....	Tecumseh, Ont.
LAMBERT, NORMAN P.....	Ottawa.....	Ottawa, Ont.
MACKINNON, JAMES ANGUS, P.C.....	Edmonton.....	Edmonton, Alta.
MACLENNAN, DONALD.....	Margaree Forks.....	Port Hawkesbury, N.S.

SENATORS OF CANADA

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SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
MARCOTTE, A.....	Ponteix.....	Ponteix, Sask.
MCDONALD, JOHN ALEXANDER.....	Kings.....	Halifax, N.S.
MCGUIRE, W. H.....	East York.....	Toronto, Ont.
MCINTYRE, JAMES P.....	Mount Stewart.....	Mount Stewart, P.E.I.
MCKEEN, STANLEY STEWART.....	Vancouver.....	Vancouver, B.C.
MCLEAN, ALEXANDER NEIL.....	Southern New Brunswick..	Saint John, N.B.
MORAUD, L.....	La Salle.....	Quebec, Que.
MULLINS, HENRY A.*.....	Marquette.....	Winnipeg, Man.
NICOL, JACOB.....	Bedford.....	Sherbrooke, Que.
PAQUET, EUGÈNE, P.C.....	Lauzon.....	Rimouski, Que.
PATERSON, N. McL.....	Thunder Bay.....	Fort William, Ont.
PETTEN, RAY.....	Bonavista.....	St. John's, Nfld.
PIRIE, FREDERICK W.....	Victoria-Carleton.....	Grand Falls, N.B.
QUINN, FELIX P.....	Bedford-Halifax.....	Bedford, N.S.
RAYMOND, D.....	De la Vallière.....	Montreal, Que.
REID, THOMAS.....	New Westminster.....	New Westminster, B.C.
ROBERTSON, W. McL., P.C.....	Shelburne.....	Bedford, N.S.
ROEBUCK, ARTHUR WENTWORTH.....	Toronto-Trinity.....	Toronto, Ont.
ROSS, GEORGE HENRY.....	Calgary.....	Calgary, Alta.
STAMBAUGH, J. WESLEY.....	Bruce.....	Bruce, Alta.
STEVENSON, J. J.....	Prince Albert.....	Prince Albert, Sask.
TAYLOR, WILLIAM HORACE.....	Norfolk.....	Scotland, Ont.
TURGEON, JAMES GRAY.....	Cariboo.....	Vancouver, B.C.
VAILLANCOURT, CYRILLE.....	Kennebec.....	Levis, Que.
VENIOT, CLARENCE JOSEPH.....	Gloucester.....	Bathurst, N.B.
VIEU, THOMAS, P.C.....	De Lorimier.....	Outremont, Que.
WILSON, CAIRINE R.....	Rockcliffe.....	Ottawa, Ont.
WOOD, THOMAS H.....	Regina.....	Regina, Sask.

\*Resigned, Sept. 5, 1950

# SENATORS OF CANADA

## BY PROVINCES

AUGUST 29, 1950

### ONTARIO—24

SENATORS	POST OFFICE ADDRESS
THE HONOURABLE	
1 ARTHUR C. HARDY, P.C.....	Brockville.
2 SIR ALLEN BRISTOL AYLESWORTH, P.C., K.C.M.G.....	Toronto.
3 WILLIAM H. MCGUIRE.....	Toronto.
4 GUSTAVE LACASSE.....	Tecumseh.
5 CAIRINE R. WILSON.....	Ottawa.
6 IVA CAMPBELL FALLIS.....	Peterborough.
7 NORMAN P. LAMBERT.....	Ottawa.
8 SALTER ADRIAN HAYDEN.....	Toronto.
9 NORMAN MCLEOD PATERSON.....	Fort William.
10 JOSEPH JAMES DUFFUS.....	Peterborough.
11 WILLIAM DAUM EULER, P.C.....	Kitchener.
12 WILLIAM RUPERT DAVIES.....	Kingston.
13 GORDON PETER CAMPBELL.....	Toronto.
14 WILLIAM HORACE TAYLOR.....	Scotland.
15 CHARLES L. BISHOP.....	Ottawa.
16 ARTHUR WENTWORTH ROEBUCK.....	Toronto.
17 JOSEPH RAOUL HURTUBISE.....	Sudbury.
18 THOMAS FARQUHAR.....	Little Current.
19 JAMES GORDON FOGO.....	Ottawa.
20 WILLIAM ALEXANDER FRASER.....	Trenton.
21 WILLIAM HENRY GOLDING.....	Seaforth.
22 ROBERT WILLIAM GLADSTONE.....	Guelph.
23.....	.....
24.....	.....

## QUEBEC—24

SENATORS	ELECTORAL DIVISION	POST OFFICE ADDRESS
THE HONOURABLE		
1 DONAT RAYMOND.....	De la Vallière.....	Montreal.
2 CHARLES C. BALLANTYNE, P.C.....	Alma.....	Montreal.
3 LUCIEN MORAUD.....	La Salle.....	Quebec.
4 EUGÈNE PAQUET, P.C.....	Lauzon.....	Rimouski.
5 ADRIAN K. HUGESSEN.....	Inkerman.....	Montreal.
6 J. FERNAND FAFARD.....	De la Durantaye.....	L'Islet.
7 CHARLES BENJAMIN HOWARD.....	Wellington.....	Sherbrooke.
8 ELIE BEAUREGARD (Speaker).....	Rougemont.....	Montreal.
9 ATHANASE DAVID.....	Sorel.....	Montreal.
10 WILLIAM JAMES HUSHION.....	Victoria.....	Westmount.
11 LÉON MERCIER GOUIN.....	De Salaberry.....	Montreal.
12 THOMAS VIEN, P.C.....	De Lorimier.....	Outremont.
13 PAMPHILE RÉAL DUTREMBLAY.....	Repentigny.....	Montreal.
14 TÉLESPHORE DAMIEN BOUCHARD.....	The Laurentides.....	St. Hyacinthe.
15 ARMAND DAIGLE.....	Mille Iles.....	Montreal.
16 CYRILLE VAILLANCOURT.....	Kennebec.....	Levis.
17 JACOB NICOL.....	Bedford.....	Sherbrooke.
18 CHARLES EDOUARD FERLAND.....	Shawinigan.....	Joliette.
19 VINCENT DUPUIS.....	Rigaud.....	Longueuil.
20 JEAN MARIE DESSUREAULT.....	Stadacona.....	Quebec.
21 PAUL HENRI BOUFFARD.....	Grandville.....	Quebec.
22 JOSEPH ADÉLARD GODBOUT.....	Montarville.....	Frelighsburg.
23 .....	.....	.....
24 .....	.....	.....

NOVA SCOTIA—10

SENATORS	POST OFFICE ADDRESS
THE HONOURABLE	
1 WILLIAM H. DENNIS.....	Halifax.
2 FELIX P. QUINN.....	Bedford.
3 WILLIAM DUFF.....	Lunenburg.
4 DONALD MACLENNAN.....	Port Hawkesbury.
5 WISHART McL. ROBERTSON, P.C.....	Bedford.
6 JOHN JAMES KINLEY.....	Lunenburg.
7 JOHN ALEXANDER McDONALD.....	Halifax.
8 JOSEPH WILLIE COMEAU.....	Comeauville.
9 GORDON B. ISNOR.....	Halifax.
10 CHARLES G. HAWKINS.....	Milford Station.

NEW BRUNSWICK—10

THE HONOURABLE	
1 THOMAS JEAN BOURQUE.....	Richibucto.
2 CLARENCE JOSEPH VENIOT.....	Bathurst.
3 ALEXANDER NEIL McLEAN.....	Saint John.
4 FREDERICK W. PIRIE.....	Grand Falls.
5 GEORGE PERCIVAL BURCHILL.....	South Nelson.
6 HENRY READ EMMERSON.....	Dorchester.
7 J. J. HAYES DOONE.....	Black's Harbour.
8 .....	
9 .....	
10 .....	

PRINCE EDWARD ISLAND—4

THE HONOURABLE	
1 JAMES PETER McINTYRE.....	Mount Stewart.
2 THOMAS VINCENT GRANT.....	Montague.
3 GEORGE H. BARBOUR.....	Charlottetown.
4 .....	

## BRITISH COLUMBIA—6

SENATORS	POST OFFICE ADDRESS
THE HONOURABLE	
1 JAMES H. KING, P.C.....	Victoria.
2 JOHN W. DE B. FARRIS.....	Vancouver.
3 JAMES GRAY TURGEON.....	Vancouver.
4 STANLEY STEWART McKEEN.....	Vancouver.
5 THOMAS REID.....	New Westminster.
6 .....	

## MANITOBA—6

THE HONOURABLE	
1 HENRY A. MULLINS*.....	Winnipeg.
2 JOHN T. HAIG.....	Winnipeg.
3 A. L. BEAUBIEN.....	St. Jean Baptiste.
4 THOMAS ALEXANDER CRERAR, P.C.....	Winnipeg.
5 JOHN POWER HOWDEN.....	Norwood Grove.
6 JOHN CASWELL DAVIS.....	St. Boniface.

## SASKATCHEWAN—6

THE HONOURABLE	
1 JAMES A. CALDER, P.C.....	Regina.
2 ARTHUR MARCOTTE.....	Ponteix.
3 RALPH B. HORNER.....	Blaine Lake.
4 WALTER M. ASELTINE.....	Rosetown.
5 J. J. STEVENSON.....	Prince Albert.
6 THOMAS H. WOOD.....	Regina.

## ALBERTA—6

THE HONOURABLE	
1 WILLIAM ASHBURY BUCHANAN.....	Lethbridge.
2 ARISTIDE BLAIS.....	Edmonton.
3 FRED WILLIAM GERSHAW.....	Medicine Hat.
4 GEORGE HENRY ROSS.....	Calgary.
5 JAMES ANGUS MacKINNON, P.C.....	Edmonton.
6 J. WESLEY STAMBAUGH.....	Bruce.

\*Resigned, Sept. 5, 1950

NEWFOUNDLAND—6

SENATORS	POST OFFICE ADDRESS
<b>THE HONOURABLE</b>	
1 ALEXANDER BOYD BAIRD.....	St. John's.
2 RAY PETTEN.....	St. John's.
3 VINCENT P. BURKE.....	St. John's.
4 .....	.....
5 .....	.....
6 .....	.....

## PRINCIPAL OFFICERS OF THE SENATE

---

L. Clare Moyer, D.S.O., K.C., B.A., Clerk of the Senate, Clerk of the Parliaments, and Master in Chancery.

Rodolphe Larose, E.D., First Clerk Assistant.

Louvigny de Montigny, Litt.D., Second Clerk Assistant and Chief Translator.

John F. MacNeill, K.C., LL.B., B.A., Law Clerk and Parliamentary Counsel.

Major C. R. Lamoureux, D.S.O., Gentleman Usher of the Black Rod.

Arthur H. Hinds, Chief Clerk of Committees.

H. D. Gilman, Chief Treasury and Disbursing Officer.

H. H. Emerson, Editor of Debates and Chief of Reporting Branch.

STAVES  
CANADA

# The Debates of the Senate

## OFFICIAL REPORT

### THE SENATE

Tuesday, August 29, 1950

The Parliament of Canada having been summoned by proclamation of the Governor General to meet this day for the dispatch of business.

The Senate met at 2.45 p.m., the Speaker in the Chair.

Prayers.

### OPENING OF THE SESSION

The Hon. the Speaker informed the Senate that he had received a communication from the Governor General's Secretary informing him that His Excellency the Governor General would arrive at the main entrance of the Houses of Parliament at 3 p.m., and, when it had been signified that all was in readiness, would proceed to the Senate Chamber to open the Special Session of the Twenty-first Parliament of Canada.

The Senate adjourned during pleasure.

### SPEECH FROM THE THRONE

At three o'clock His Excellency the Governor General proceeded to the Senate Chamber and took his seat upon the Throne. His Excellency was pleased to command the attendance of the House of Commons, and that House being come, with their Speaker, His Excellency was pleased to open the Special Session of the Twenty-first Parliament of Canada with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

You were summoned to meet somewhat earlier than was anticipated because of the disruption of railway transportation facilities resulting from the dispute between the railways and the unions representing the non-operating employees of the railways. A measure to deal with this situation will be introduced at once.

You will also be asked to give urgent consideration to the measures for increased national security and international co-operation required by the fighting in Korea and the increasingly grave international situation which that struggle reflects. That was the original reason for summoning you for this Special Session.

Members of the House of Commons:

You will be asked to approve additional appropriations for national defence and the meeting of our obligations under the United Nations Charter and the North Atlantic Treaty.

Honourable Members of the Senate:

Members of the House of Commons:

May Divine Providence continue to protect this nation, and to guide the Parliament of Canada in all its deliberations.

The House of Commons withdrew.

His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

### RAILWAY BILL

#### FIRST READING

Hon. Mr. Hugessen (for Hon. Mr. Robertson) presented Bill A, an Act relating to railways.

The bill was read the first time.

### CONSIDERATION OF SPEECH FROM THE THRONE

#### MOTION

Hon. Mr. Hugessen (for Hon. Mr. Robertson) moved that the Speech of His Excellency the Governor General be taken into consideration tomorrow.

The motion was agreed to.

### COMMITTEE ON ORDERS AND PRIVILEGES

#### MOTION

Hon. Mr. Hugessen (for Hon. Mr. Robertson) moved:

That all the senators present during the session be appointed a committee to consider the orders and customs of the Senate and privileges of Parliament, and that the said committee have leave to meet in the Senate Chamber when and as often as they please.

The motion was agreed to.

### SPECIAL COMMITTEE ON LEGISLATION

#### MOTION

Hon. Mr. Hugessen (for Hon. Mr. Robertson) moved, with leave of the Senate:

That a Special Committee of the Senate be appointed to examine into any legislation or other matter which may be referred to it, and that the said committee be composed of:

The Honourable Senators Asetline, Baird, Beaubien, Bouffard, Buchanan, Burchill, Campbell, Crerar, Daigle, David, Davies, Dessureault, Emmer-son, Euler, Fallis, Farris, Fogo, Gershaw, Gouin, Haig

Hardy, Hayden, Horner, Howard, Howden, Hugessen, King, Kinley, Lambert, MacLennan, Marcotte, McDonald, McGuire, McIntyre, McKeen, McLean, Moraud, Nicol, Paterson, Pirie, Quinn, Raymond, Reid, Robertson, Roebuck, Taylor, Vaillancourt, Veniot, Vien and Wilson.

He said: Honourable senators, perhaps I should say a word in explanation of this resolution. As honourable members are aware, in a normal session one of the first orders of business is the appointment of a nominating committee which nominates the standing committees of the house, of which there are about nineteen. Under the special circumstances of this session, however, it is not likely that the standing committees, or at least the great majority of them, will need to be organized. On the other hand, it may well be that within the next day or two this

house will require to have in action a committee to deal with and consider the special railway legislation referred to in the Speech from the Throne. Under these circumstances, and with that object in mind, I would move the resolution I have just read.

I may add that the membership of this special committee is the same as that of last session's Standing Committee on Banking and Commerce, except for the omission of the Honourable Senators Jones and Leger, who have passed away, and the addition of Honourable Senators Emmerson, Reid and Veniot.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

RAILWAY BILL

FIRST READING

Hon. Mr. Hugessen (for Hon. Mr. Robert-son) presented Bill A. on the Railway Bill.

The Bill was read the first time.

CONSIDERATION OF SPEECH FROM THE THRONE

NOTION

Hon. Mr. Hugessen (for Hon. Mr. Robert-son) presented the Speech from the Throne.

The Governor General's speech was read and the motion was agreed to.

COMMITTEE ON ORDERS AND PRIVILEGES

NOTION

Hon. Mr. Hugessen (for Hon. Mr. Robert-son) moved that the Senate should appoint a committee to consider the orders and privileges of the Senate and the House of Commons.

The motion was agreed to.

The motion was agreed to.

SPECIAL COMMITTEE ON LEGISLATION

NOTION

Hon. Mr. Hugessen (for Hon. Mr. Robert-son) moved that the Senate should appoint a special committee to consider the legislation of the Senate.

The motion was agreed to.

The motion was agreed to.

The motion was agreed to.

OPENING OF THE SESSION

The Hon. the Speaker (Mr. J. G. MacLennan) presided at the opening of the session.

The Hon. the Speaker read the Speech from the Throne.

The Hon. the Speaker then read the Speech from the Throne.

The Hon. the Speaker then read the Speech from the Throne.

SPEECH FROM THE THRONE

At 10 o'clock the Hon. the Speaker presented the Speech from the Throne to the Senate Chamber.

The Hon. the Speaker then read the Speech from the Throne.

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## THE SENATE

Wednesday, August 30, 1950

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

### SUSPENSION OF RULES

#### MOTION

**Hon. Wishart McL. Robertson** moved:

That during the present session of parliament rules 23, 24 and 63 be suspended in so far as they relate to public bills.

He said:

I point out to honourable senators that the passage of this motion will in no way take from the majority of the Senate the right to decide the procedure which should be followed in the consideration of legislation which comes before the house. Such a motion is usually presented near the end of a session, when any variation from the regular procedure as to the passage of public bills requires the unanimous consent of the house.

I hope that, under the circumstances, honourable senators will see fit to concur in the present motion.

The motion was agreed to.

### THE LATE RIGHT HONOURABLE W. L. MACKENZIE KING

#### TRIBUTES TO FORMER PRIME MINISTER

**Hon. Wishart McL. Robertson:** Honourable senators, on Saturday evening, July 22, 1950, the career of the Right Honourable William Lyon Mackenzie King came to an end at his summer home in Kingsmere, Quebec.

He was for so long a prominent figure in the public life of Canada that the great majority of Canadians could scarcely recollect the time when he was not a dominating personality in public affairs. Most of the members on this side of our house, including the most senior ones, were appointed by governments of which he was the leader, and many of them enjoyed a most intimate association with him during his long political life. It would be difficult indeed to assess accurately the influence he exerted, over the years, on the political thought and action of the Canadian people.

Although he enjoyed political support for an unparalleled period, it was inevitable that at times he, and the policies which he espoused, should be fiercely assailed. It is generally recognized that Canada is a difficult country to govern under the most favourable

circumstances; but when, in addition to the problems of peace, there arise the tremendous responsibilities of war, the likelihood of violent differences of opinion is multiplied many fold.

If there was one underlying principle which ran like a silver thread throughout the policies which governed Mr. King's long political career, it was his passionate devotion to the cause of national unity. He seemed instinctively to think that in this country, with its diverse and varied racial origins, there existed circumstances fraught with grave danger, but offering at the same time tremendous possibilities. He seemed to realize that if, under the strain of great events and deep emotions, long-forgotten animosities were revived, they might kindle a flame which would soon run like a forest fire, threatening our very national existence. He seemed to feel on the other hand, that if during the most critical moments calm councils could prevail and a deep sense of national unity always be kept in view, there would emerge in due course in this new world a nation not only great in itself, but one destined to provide an example for all the world to witness and, he hoped, to be emulated.

At times his caution provoked great resentment, his facility for compromise was ridiculed, and his failure to take under some circumstances more decisive action was severely criticized. How history will assess his influence time alone will show. But the fact remains that during the period in which he directed the affairs of Canada there was achieved a degree of unity and harmony among the various diverse elements within her boundaries, which left little to be desired. His careful approach to the events leading up to the Second World War resulted in securing parliament's unanimous approval of the policies he proposed to it. Throughout the entire period of hostilities and the trying circumstances of the post-war years, the unity and co-operation of all sections of Canada provided an inspiring spectacle. From a position of comparative obscurity among the nations of the world, Canada had assumed a position of great importance and influence in the councils of the nations—an influence far exceeding the numbers of her people.

The halls of parliament in which he was such a familiar figure shall know him no more, but his influence on the political thought and action of the country he served so well will be felt far into the future.

**Hon. John T. Haig:** Honourable senators, I think it is most fitting that this house should give a little time to remembering the passing of one of our great Canadians. I believe

that in general our references to the passing of others than our own members should be few, but I heartily agree that this is one instance when we should say something. Though not as familiar with Mr. King as the leader of the government was, I have had the pleasure of knowing every Canadian prime minister since the time of Sir Wilfrid Laurier, who himself was one of our great statesmen. The holders of that high office have been, in turn, Sir Robert Borden, the Right Honourable Arthur Meighen, the Right Honourable William Lyon Mackenzie King, the Right Honourable R. B. Bennett, then Mr. King again, until the time of his retirement, when the present Prime Minister, the Right Honourable Louis S. St. Laurent, took over.

Prior to coming to the Senate I had been a member of a provincial legislature, but not of the House of Commons, and therefore had had no opportunity of becoming familiar with the outstanding figures in that house. However, I was not long here before feeling the dominant influence exercised by Mr. King. During the fifteen years that I had an opportunity to observe his work, I saw that he created in parliament a unity that was striking for this country. There were violent differences of opinion as to his policies, yet no matter how widely one disagreed with him one felt that he believed in the policies he was advocating.

I prize very highly my associations with Mr. King over the period of fifteen years. As an ordinary member, and later in the position which I now hold, with the duty of representing in my feeble way the policy of my party, I at times considered it necessary to criticize legislation introduced by Mr. King's government; but nothing that I ever said made the slightest difference in the personal relations that existed between us during all those years. I saw him when he made his last public appearance; it was at the Country Club, on the occasion of the dinner to the British Empire Press party; and I knew at that time that the end was near. When I came up to him he greeted me in the old university style, "Hello, Haig! How are you?" Now he has passed on. History will establish his place among the prime ministers of this country, and I am persuaded that it will be a very high one. Personal animosities that have existed from time to time will disappear and his true worth will be known.

Speaking on behalf of my party, as well as for myself, I am glad of the opportunity to pay this word of tribute. I hope that Mr. King's nephews will ever remember his splendid service to our country. He seemed to have devoted his whole life to that service, for apparently in his university days he was

training himself for public life. It would be a wonderful thing for Canada if more of our young people, especially our young men in the universities, were to dedicate themselves to public careers in this country.

Mr. King held the office of prime minister longer than any other man in the British Commonwealth. He was very highly regarded, and we here can all say that we have had the privilege of knowing a truly great Canadian.

**Hon. Arthur W. Roebuck:** Honourable senators, there are in this chamber former members of Mr. King's cabinet—some of them much older than I—who should perhaps take precedence over me in paying tribute to his recent passing, and so I paused for a moment to see if any others were about to rise.

I knew the late Mr. King for many years. I had the honour to be present as one of his supporters at the great convention of 1919, when he was elected leader of the Liberal party. As early as 1912, I remember attending a convention called for the selection of a leader of the party in the province of Ontario. I held up the convention for a half a day or more in a futile endeavour to have an invitation sent to a young man who, in 1908, had been elected to the House of Commons as member for Waterloo.

**Hon. Mr. Euler:** North Waterloo.

**Hon. Mr. Roebuck:** Yes, North Waterloo.

Looking back with the knowledge we have today, one can see what a mistake it would have been to have appointed Mr. King party leader in Ontario at that time. Such a move might have robbed Canada of the greatest prime minister she has ever had.

Since his appointment as party leader, I watched Mr. King's career with infinite satisfaction, and noted his success, his sterling qualities and his truth. He was always on the side of liberty and freedom. As the poet Pope said, "the proper study of mankind is man". Mr. Mackenzie King was an expert in the knowledge of men and in choosing the proper man for the right position. Furthermore, in his book he made the statement that over all is humanity; and throughout his entire life his policies followed the precept of putting the rights, privileges, and welfare of humanity above all other things.

Mr. King was a man of wide sympathies and a kindly attitude; he was an enigma to most people, he was so quiet and yet so efficient. At one time I set down in writing what I thought to be an analysis of William Lyon Mackenzie King and his success. I said at that time that there was nothing

miraculous about his marvellous success; it was quite a natural result from the qualities which he possessed.

I set down as my first point that Mr. King was endowed by nature with a keen, sound and unusually powerful intellect. Thus, he had the capacity to reap the fruits of long training and great experience. The combined result of such ability and experience was wisdom.

As my second point I said that Mr. King had an abiding faith in the efficiency of right, together with a clear grasp of what is right and a genuine desire to do what is good for all mankind. From that it followed that his impulses were sound. Men marvelled at the soundness of Mr. King's advice and the way in which his judgment was continually justified. Of course his judgment proved sound: the reason was that right was his pole-star, and when he laid a course through uncharted seas he always arrived in port because he took as his guiding star some high principle of truth, right, justice and humanity.

The third point which I noted was that even at the height of his fame the pomp of high office never affected his personality; he was always able to maintain a delightful humility—not the humility of Uriah Heep, but a genuine humility that kept him on the same level as those with whom he spoke. Power never spoiled Mackenzie King, nor did flattery ever turn his head.

He was genuinely kind-hearted, as I know from my own personal experience.

The leader opposite (Hon. Mr. Haig) spoke of an occasion when, after opposing one of Mr. King's policies, Mr. King approached him in the same unruffled way as he would have done under other circumstances. I could reminisce for a long time, but I will only mention an instance which occurred while I was a member of the House of Commons and I had occasion to disagree with a resolution moved by Mr. King. One often hears about the "rule of the whip" and the "discipline of the party". On the occasion to which I refer, I, a back-bencher in the house, presumed to move a resolution opposed to that of my leader, who was also the government leader. My proposal was ruled out of order. A short time later I met Mr. King in the lobby, and we proceeded to discuss the question. I said, "I am sorry to have moved a resolution opposing yours, but I have to live with myself in the future". He replied, "But you were all wrong". We discussed the matter further, and parted the same good friends that we had been previously. Such an experience explains why Mr. Mackenzie King was able to gather around himself the most powerful political party in the history

of Canada. It was not because he had a well-disciplined following, but rather because his followers were loyal and capable, and could walk with him as well as after him. The faithfulness with which he worked, the industry which he devoted to his task, and the exclusiveness with which he gave himself to that task explains the success of the great leader whom we mourn today.

One of my main contacts with the late Mr. King was in connection with labour. I looked upon him then as the greatest Minister of Labour that Canada ever had, and I still hold that view, though there have of course been other great ministers of labour. Perhaps at this time I should mention the continuity of policy carried on within that department. Mr. King was made Minister of Labour because of his experience in dealing with humanity and because he had exposed certain outrages to working girls, chiefly some employed in the match trade. As a result of his ability and understanding of humanity he was chosen, first, by Sir William Mulock, to be Deputy Minister of Labour, and then, by Sir Wilfrid Laurier, to be Minister of Labour. All through the years he carried on his policy of careful, efficient and capable protection of human rights, particularly the rights of those least able to take care of themselves.

The labour portfolio has always been regarded as a tough one to handle. The Minister of Labour, ancient or modern, has always been involved in some labour dispute; and as it is his duty to be impartial, the tendency of both parties engaged in the battle has always been to think that the impartial man is taking the opposite side. These disputes are so absorbing that one is inclined to lose sight of the forest, so brilliantly lighted are the trees.

Mr. King commenced a policy of impartiality that was splendidly followed by another Minister of Labour, the late Honourable Humphrey Mitchell. We are missing both these men. The wisdom of Mackenzie King and his strong hand would be very welcome in Ottawa today, and the democracy, good will and ability of Humphrey Mitchell would be equally welcome. The late Humphrey Mitchell played a great part in the development of Canada in recent years. We all remember how during the war he kept our working population engaged in their tasks. It is true that war measures of an almost repressive character—we would certainly call them such in times of peace—were necessary during the war years; but Mr. Mitchell, with his genial character and common sense, and through the patriotic efforts of the people of Canada, was able to regiment the working force of this country as it had never been

regimented in the past. Under the leadership of Mr. King and Humphrey Mitchell Canada's war effort was the admiration of the world. Both these men played their parts in the development of our present social security, in the raising of the standards of living as we have seen them raised in our time, and in helping to bring about a state of full employment which is the envy of most countries. They were able to bring about a fair measure of industrial peace, which made the growth of Canada possible in these last few years; but it was in labour law and its administration that Mr. King and Mr. Mitchell will longest be remembered in labour circles.

I suppose that everyone in this chamber is familiar with what might be described as the revolutionary advances in labour law. All of us know that at one time it was a criminal offence to belong to a labour union in England. The Tolpuddle Martyrs and their story is known to most Canadians as well as to Englishmen. The Tolpuddle Martyrs were poor farm labourers who, in view of their already pitiable economic condition, organized a society to resist a pending reduction in wages. They were called before the magistrates and were deported to Van Diemen's Land. I know something about that because upon the shelves of my library there still rests a pamphlet written by my great uncle, who spoke in the British House of Commons more than one hundred years ago in the defence of the Tolpuddle Martyrs. The public opinion raised by their heart-rending story was so great that the fundamental law of England was changed, and it was no longer a criminal offence to belong to a labour union. The legislative advances in criminal law achieved at that time are to be found in our own Criminal Code of today. That was the first of the great revolutionary reforms in labour law, and it is the foundation stone and basis of our present labour movement.

The second great reform in labour law was developed under the hand of Humphrey Mitchell and under the guidance of Mr. King. The British North America Act assigns the control of wages, hours and conditions of labour to the provinces, but there is an overriding provision which gives the dominion sweeping powers in times of crisis. When the recent Great War broke out the federal government was thus in a position to assume control of industrial matters throughout the entire dominion, and this it did. The Labour Code, drawn under the guidance of Mr. King, and directly under the hand of Humphrey Mitchell, is the basis of the present labour law of Canada. It was enacted in the first instance as an order in council, P.C. 1003, under the War Measures Act, and has been

adopted by practically every province of Canada. You and I in this chamber joined in making it an Act of Parliament applicable to those portions of industry which are under dominion control. It provided for collective bargaining and for the appointment of representatives of the unions. It gave to labour unions the civil right of the individual to belong to the union of his choice. It provided machinery for the appointment of representatives, and it also provided that any collective agreement reached between the majority of the employers and the employees in any industry should be binding upon the entire industry.

Finally, in collective bargaining it ruled out the representatives of company-dominated unions. That, honourable senators, is the second great revolutionary advance in labour law in the last one hundred years or more, and these two men were chiefly responsible for bringing it about.

I suppose I have spoken rather too long, but one could, I think, dwell for many hours on the achievements of my old friends Mackenzie King and the late Minister of Labour. I join with the leader of the government and the leader of the opposition in paying respects to Mr. King, and I am glad to have had this opportunity of paying my respects also to Mr. Humphrey Mitchell.

**Hon. L. M. Gouin:** Honourable senators, for the settlement of labour disputes the great statesman to whom we are now paying a final tribute, Mr. King, has left us this message:

The existing attitude of capital and labour toward each other is too largely one of mistrust . . . this attitude must be changed to one of trust inspired by faith.

These words are taken from the beginning of the introduction to *Industry and Humanity*, which in my opinion is the most important book written by Mr. King. In fact, I would without hesitation call it his masterpiece. In 1919, immediately after this work was first published, I had the privilege of reviewing it in *La Revue Trimestrielle Canadienne*. I speak with some emotion, because thus began my association with my late friend and leader. I must add in all sincerity that I always considered myself as not only his modest though faithful follower, but also as his pupil, even his disciple, in industrial matters.

Today I will try to sum up the fundamental principles of the doctrine which Mr. King embodied in the volume to which I have referred and also in what was probably his main contribution to our social laws, the Industrial Disputes Investigation Act. This statute drafted by Mr. King more than forty years ago, when he was Deputy Minister of Labour, has been copied by legislative bodies

in a number of countries, and has won for its author praise from many quarters. For instance, Dr. Charles W. Eliot, President of Harvard University, said:

One sees clearly that the Canadian action on the labour problem has been and still is the most intelligent and successful in the world.

From such an authority as Dr. Eliot, this was high praise indeed.

In his outstanding contributions to the solution of social problems Mr. King was always guided by the same thought. I quote again from the introduction to his work that I cited a few moments ago:

An industrial system characterized by antagonism, coercion and resistance must yield to a new order based upon mutual confidence, real justice and constructive good will. The change will involve patience, but nothing short of it will solve the problems to which industry gives rise.

Mr. King told me, as he told many others, that in his search for a procedure to obtain industrial peace he received his most direct incentive from a statement of the great French scientist and humanitarian, Louis Pasteur. This statement, which was quoted to him by his own brother, the late Dr. King, was as follows:

Two contrary laws seem to be wrestling with each other nowadays: the one, a law of blood and of death, ever imagining new means of destruction, and forcing nations to be constantly ready for the battlefield—the other, a law of peace, work and health, ever evolving new means of delivering man from the scourges which beset him.

Will industry continue the struggle and antagonism dividing its essential partners, or will it seek to establish between them the co-operation which is indispensable to their common welfare? This question, which still confronts us, can be answered most favourably by following the doctrine of co-operation which Mr. King advocated and practised throughout his life. That doctrine was based upon the deeply Christian faith of the great statesman, who always firmly believed in the brotherhood of all men and in the divine fatherhood of God.

Honourable senators, those of us who were present at Mr. King's funeral service in St. Andrew's Church will always remember with deep emotion the singing of his favourite hymn, whose concluding words expressed the theme underlying all his social policies, namely, that we are all brothers and all children of the same Father. This is a very simple but immortal thought.

*Industry and Humanity* is more than a book, it is a living message which Mr. King delivered to us in his lifetime, and which he has left with us as his last will. We shall continue to hear his words beyond the grave. They will ring forever in our hearts. May all

Canadians understand and listen to the earnest call of Mr. King for co-operation without distinction of faith, race or class.

(Translation):

**Hon. Cyrille Vaillancourt:** Honourable senators, I feel that the voice of a French Canadian should join those already heard, in a last tribute to a great prime minister who has passed away.

If Canada has been fortunate in having such a prime minister, French Canadians had no small part in this good fortune.

When I first entered this Chamber, I met Mr. Mackenzie King and mentioned how hard a task it must have been for him to administer such a large country where conditions vary from East to West. He answered: "That is true, but a vast country like Canada can be administered by compromise, as there is such a wide difference between the needs of the various provinces along the Atlantic, in Quebec and Ontario, as well as in the West and British Columbia". He also added, and this will serve as a personal guidance for the rest of my life: "You know, when you have a problem never forget that it has several angles, just as a medal has two sides. Those who only consider one side are unable to judge impartially. Always look at both sides. As no problem is ever all black or all white, try and find the answer which will serve the greatest number of people in our nation".

Some have claimed that Mr. King was a man of compromise. It may be so. But if his compromises were made to benefit the greatest number of people in our country, we can congratulate ourselves and praise their author.

The late Mackenzie King happened to be prime minister during peculiar and sometimes difficult times. Therefore, he had to resort to certain manoeuvres. That is where a navigator shows his ability, and we can say that our former leader navigated well indeed. If Canada has emerged from the last war with more greatness than ever, it is due to the fact that our country was headed by a man whose very name of King was a majestic symbol.

(Text):

**Hon. J. H. King:** Honourable senators, I regret that I have not the ability to properly express my feelings with regard to the departure of a great Canadian, Mr. Mackenzie King.

It was my privilege to serve as a minister under Mr. King for a period of years, and I have intimate knowledge of his ability as a leader and of his capacity to face problems close to the people. I realize that as time goes on his proper place in the history of

Canada will become more evident, and that when that history is written the Canadian people will better understand and appreciate the part he played in the development of Canada during the momentous years of the twentieth century.

I associate myself with the carefully prepared remarks of the honourable leader of the government (Hon. Mr. Robertson), and also with the sentiments expressed by my good friend the leader opposite (Hon. Mr. Haig). I do indeed feel keenly the loss of Mr. King, a close friend and a great Canadian.

## BUSINESS OF THE SENATE

### DEBATE ON THE ADDRESS

On the order:

Consideration of His Excellency the Governor General's Speech from the Throne at the opening of the third (Special) Session of the Twenty-first Parliament of Canada.

**Hon. Wishart McL. Robertson:** Honourable senators, I have given some consideration to the question of whether or not it is desirable to proceed today with the debate on the Address in reply to the Speech from the Throne. Some of my colleagues feel that the debate should be deferred, as it has been in the other place, and that preference should be given to the important measure before the house; others feel that we are under no obligation to follow that practice. However, all agree that when the railway legislation comes before us it should have priority over all other business.

After discussing the question of procedure with the honourable senator from Rigaud (Hon. Mr. Dupuis), whom I have asked to move the Address in reply to the Speech from the Throne, and the seconder, the honourable senator from Prince (Hon. Mr. Barbour), it seems to me that we should not proceed with the debate today. As honourable senators know, the usual practice is that the session commences on a Thursday, and the Senate then adjourns until the following Tuesday. Under those circumstances there is ample time for the mover and seconder to give some thought to what they will say. Although the present mover and seconder are both experienced parliamentarians, and are able to give interesting speeches on short notice, I feel that under the circumstances they should have more time to prepare what they have to say. I am therefore suggesting that we do not proceed with the debate today, but that they hold themselves in readiness to proceed tomorrow afternoon at 3 o'clock.

I move, honourable senators, that this order stand.

The order stands.

## MAINTENANCE OF RAILWAY OPERATION BILL

**Hon. Mr. Robertson:** Honourable senators, I have no way of knowing how long it will take the other house to deal with the special railway legislation now before it, but as honourable members are aware, that house is proceeding industriously and with great expedition: it sat during the lunch hour, and I understand that it will sit during the dinner hour. I am sure it is the desire of this house, in order to avoid any delay, to hold itself in readiness to consider this important legislation at the first possible opportunity. Under the circumstances, therefore, I would move that we adjourn during pleasure, to re-assemble at the call of the bell at 5:30 p.m., at which time I hope to be able to inform the honourable members whether it will be advisable for us to sit this evening.

The Senate adjourned during pleasure.

The sitting was resumed.

**Hon. Mr. Robertson:** As honourable senators are aware, considerable progress has been made by the other house in dealing with the special railway legislation, and it has resolved itself into a Committee of the Whole to consider the bill. There is some difference of opinion as to how much time will elapse before the measure comes to us, but I think we should hold ourselves in readiness to deal with it at the earliest possible moment so that the interests of the nation will not suffer in any way. Therefore, I would suggest that we again adjourn during pleasure to meet at 7.30 p.m. If at that hour no progress has been made we can govern ourselves accordingly.

The Senate adjourned during pleasure.

At 7.30 o'clock the sitting was resumed.

## MAINTENANCE OF RAILWAY OPERATION BILL

### FIRST READING

A message was received from the House of Commons with Bill 1, an Act to provide for the resumption of operations of railways and for the settlement of the existing dispute with respect to terms and conditions of employment between railway companies and their employees.

The bill was read the first time.

## SECOND READING

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

**Hon. Wishart McL. Robertson:** With leave of the Senate, I move that the bill be read the second time now.

Honourable senators, I am sure that the interest that has been displayed and the mass of information which has been available from one source and another removes the necessity and indeed makes it highly undesirable for me to delay the house unduly in presenting the reasons which led up to this bill being presented for our consideration. The purpose of the bill, as honourable senators well know, is to deal with what amounts in effect to a national emergency that has arisen in this country as a result of the circumstances surrounding the present railway strike. That is the chief reason for the assembling of parliament at a period somewhat earlier than originally had been intended. Even in normal times a prolonged interruption of rail service in Canada would cause very vital disruptions in our economic life. I am sure all will agree that especially in times such as these the deterioration of the vital interests of all the Canadian people caused by the strike cannot continue, and that immediate resumption of railway services is highly desirable.

On the other hand, how to accomplish this has been a very difficult problem to solve. The right of labour to organize, negotiate, and, if necessary, to strike, is a primary concept and principle in our idea of democracy. In the present case all parties have exercised what all of us realize are their legal rights. However, the exercise of those rights has caused a situation whereby a great many Canadians may be materially harmed and the public interest may suffer. To allow this to continue would create, I submit, a situation that this house would wish to avoid if at all possible.

The present demands by the unions began on June 16, 1949. Negotiations between them and the railways continued until September 1949, at which time conciliation officers were appointed by the Department of Labour. As a result of their report a conciliation board was appointed, under the Industrial Disputes Investigation Act. This board made its report in April of the present year. The recommendations contained in the report were not acceptable to the unions, who indicated that it was still their intention to strike. Since that time the representatives of the unions and the railways have met at various times without success. When it became apparent that no settlement could be reached before the strike deadline, the government appointed a mediator, with the consent of all parties. His

attempts to bring about a settlement of the issues involved were also not successful. The Prime Minister then requested that the strike be postponed for thirty days, to allow further negotiations between the unions and the railways. This offer was not accepted, and the strike occurred.

After the strike began the Prime Minister met with leaders both of the unions and the railways. He did not suggest any terms of settlement, but pointed out the severe emergency that the strike was creating. He said he knew the strike was not intended to injure the economy of the country, but that in fact its continuance might cause a serious disaster. The unions and railways extended him every courtesy and consideration, but still found it impossible to come to terms.

The government then drafted the bill which in the main is the one before us. It is intended to deal with only the present special situation. I should like to emphasize that the legislation is not designed or intended to establish a precedent for the future but deals with this emergency and nothing more. The measure is a regrettable necessity, which I sincerely hope will cause no malice or misunderstanding among Canadians. Let us hope that it is received in the same spirit in which it was conceived.

The bill provides, honourable senators, that the railway operations must be resumed within 48 hours of its becoming law, and that every employee who is on strike will return to his duties with the railway company by which he is employed. The 48 hours will start to run from the beginning of the day on which the measure becomes law.

During the negotiations it appeared at all times that the railway companies were prepared to offer a wage increase of at least four cents per hour to most of the employees concerned. The government at first thought that it would not order the hotel workers back to work, as there seemed to be some doubt as to whether such drastic action was necessary in the national interest. However, it was pointed out that all the unions concerned had banded themselves together and pledged their support to one another, and that action which might seem to distinguish among them would create a difficult situation. Therefore, it was decided to order all the strikers back to work, and to increase all their rates of pay by four cents per hour, rather than make any distinction. For this purpose the bill provides that the collective agreements that were under negotiation when the strike took place—these are listed in Schedule B to the bill—are amended by increasing all rates of pay contained therein by four cents per hour. With this one exception the agreements under

which the members of the unions are to return to work are the same agreements that were in force when they went on strike, and these agreements are to continue in force until new ones are executed between the unions and railways.

Provision is made for terminating such agreements. If within thirty days—the bill originally provided fifteen days—of the coming into force of the Act no new agreements have been made or no arbitrator has been agreed upon for such purposes, the government will appoint an arbitrator who shall decide all matters not then agreed upon, and his decision shall be final. The powers of such arbitrator are listed in section 5 of the bill. I should mention that the thirty-day period may be extended upon the joint request of the unions and railways concerned. May I further point out that section 5 has been amended.

**Hon. Mr. Aseltine:** Have those amendments been printed?

**Hon. Mr. Robertson:** They have been printed, and I think some copies are available for general distribution.

**Hon. Mr. Aseltine:** I should like to have a copy.

**Hon. Mr. Robertson:** Perhaps the honourable deputy leader (Hon. Mr. Hugessen) will hand you his copy, while I read the amendment to the house. It has to do with the limits within which the arbitrator may negotiate. I shall read the amendment, and make such further explanation as I can.

Subsection 3 of section 5 now reads:

(3) In deciding any matter under this section, the arbitrator shall decide the matter within the limits of the proposals that he determines were made by the railway companies and the unions in respect of that matter at the time negotiations were terminated between them on the twenty-sixth day of August, nineteen hundred and fifty, or were made by either of them after the commencement of this Act at any time before the matter came before him and which narrow these limits, but the arbitrator by his decision shall not provide for a reduction in a rate of wages established pursuant to section 3.

That has to do with the four cents an hour.

**Hon. Mr. Moraud:** Is that a new subsection?

**Hon. Mr. Robertson:** It is a new subsection 3, and the present subsection 3 will become subsection 4.

**Hon. Mr. Horner:** Read it again.

**Hon. Mr. Robertson:** It reads as follows:

In deciding any matter under this section, the arbitrator shall decide the matter within the limits of the proposals that he determines were made by the railway companies and the unions in respect of that matter at the time negotiations were terminated between them on the twenty-sixth day

of August, nineteen hundred and fifty, or were made by either of them after the commencement of this act at any time before the matter came before him and which narrow these limits, but the arbitrator by his decision shall not provide for a reduction in a rate of wages established pursuant to section 3.

**Hon. Mr. Haig:** Tell us what that means.

**Hon. Mr. Davies:** I should like to ask the honourable leader how long we must wait before we are given the amended bill? I understand that the bill now in our possession has been amended in several places. I would much prefer to have the amended bill before me.

**Hon. Mr. Robertson:** I am in the hands of the house. I must confess that the other place moved with such alacrity that it caught me almost unprepared to give an explanation, but I realized that it would be in the interest of the Senate to have the matter brought before it as early as possible. How long honourable senators wish to consider this matter is for them to decide.

**Hon. Mr. Horner:** May I ask the honourable leader whether the clause which he has just read refers to the increase to be asked by the workers, or to the pay which was in effect before this request was made?

**Hon. Mr. Robertson:** I must confess I am not an authority in these matters. Perhaps those who heard the discussion in the other place could inform the house better than I, but my understanding is that the arbitrator is to arbitrate as between the proposals of the railway companies on the one hand and the unions on the other. The question will then be narrowed down to the best proposals.

**Hon. Mr. Moraud:** It applies to the present case only?

**Hon. Mr. Robertson:** Oh, yes. It all applies to the present case only. It says:

In deciding any matter under this section, the arbitrator shall decide the matter within the limits of the proposals that he determines were made by the railway companies and the unions in respect of that matter at the time negotiations were terminated between them on the twenty-sixth day of August, nineteen hundred and fifty, or were made by either of them after the commencement of this Act at any time before the matter came before him and which narrow these limits . . .

**Hon. Mr. Euler:** May I ask the honourable leader a question on that point? It is my understanding that the unions made what they called certain concessions. I am not going to say what they were. Then, after the strike commenced, they withdrew the concessions they had made and said in effect "Now that we are striking we are not going to make the same offer as we made before". Which of those two is going to be taken into consideration?

**Hon. Mr. Horner:** Yes, which?

**Hon. Mr. Robertson:** I am bound to be guided by this phraseology. It states:

—the arbitrator shall decide the matter within the limits of the proposals that he determines were made by the railway companies and the unions in respect of that matter at the time negotiations were terminated between them on the twenty-sixth day of August, 1950—

**Hon. Mr. Baird:** That was the old rate?

**Some Hon. Senators:** Oh, no.

**Hon. Mr. David:** All that was accepted at that time would remain, and the amount of 4 cents an hour would not be reduced. That is the point.

**Hon. Mr. Robertson:** It continues:

—or were made by either of them after the commencement of this Act at any time before the matter came before him and which narrow these limits, but the arbitrator by his decision shall not provide for a reduction in a rate of wages established pursuant to section 3.

**Hon. Mr. Quinn:** Would that not set the arbitrator in right where the negotiations broke off? Would that not make it clearer?

**Hon. Mr. Moraud:** Not necessarily, because it says "or were made by either of them after the commencement of this Act".

**Hon. Mr. Robertson:** As I understand it, the parties are required to negotiate, and the arbitrator will arbitrate between the narrowest limits, whatever they may be, but he will not be able to reduce the increase of four cents provided for by section 3 of this bill. He may, of course, make that increase larger.

**Hon. Mr. Haig:** May I ask the leader another question? Last night I listened to the final report made by the Minister of Labour, which set out the final offer by labour and the final offer by the companies. Is this arbitration to be as between those two offers? Like the honourable gentleman from Waterloo (Hon. Mr. Euler), I think the unions said they withdrew all their offers and would stand on their original demands.

**Hon. Mr. Euler:** That is right. Which is going to be considered?

**Hon. Mr. Haig:** That is what I should like to know.

**Hon. Mr. Moraud:** They could make a new offer.

**Hon. Mr. Robertson:** I will read the amendment again, very carefully, and ask honourable members of the legal fraternity to interpret it. They are much more familiar with the meaning of legal phrases than I am.

**Hon. Mr. Roebuck:** Before the leader proceeds, may I ask if we cannot at least have typewritten copies of the text of the amendment?

**Hon. Mr. Haig:** I have another suggestion to make. Although I objected strenuously when the rules of this house were amended to permit a minister, holding a seat in the other house, to come here and explain his legislation, I think that in this instance we should ask the Minister of Labour or the Minister of Transport to come over and tell us what their departments understand this to mean. It is those departments who will have to see that the law is carried out.

**Hon. Mr. Farris:** Surely we are more intelligent than they are!

**Hon. Mr. Haig:** I read the wording two or three times and I could not see through it.

**Hon. Mr. Robertson:** I will read it again, as clearly as I can, and then invoke the good services of legal members of the house to interpret it. We have a number of distinguished members of the legal profession here this evening, the honourable leader of the opposition being one of them. The amendment reads:

In deciding any matter under this section, the arbitrator shall decide the matter within the limits of the proposals that he determines were made by the railway companies and the unions in respect of that matter at the time negotiations were terminated between them on the 26th day of August, 1950, or were made by either of them after the commencement of this Act . . .

**Hon. Mr. Davies:** That is, after the Act is passed?

**Hon. Mr. Robertson:** Yes, after this Act is passed they will negotiate, and I take it that if the limits are narrowed by negotiation it will then be for the arbitrator to arbitrate within them.

**Hon. Mr. Hayden:** The limits cannot be enlarged, but they may be narrowed.

**Hon. Mr. Robertson:** I will start again to read the amendment:

In deciding any matter under this section, the arbitrator shall decide the matter within the limits of the proposals that he determines were made by the railway companies and the unions in respect of that matter at the time negotiations were terminated between them on the 26th day of August, 1950, or were made by either of them after the commencement of this Act at any time before the matter came before him and which narrow these limits, but the arbitrator by his decision shall not provide for a reduction in a rate of wages established pursuant to section 3.

**Hon. Mr. Euler:** That is four cents?

**Hon. Mr. Robertson:** That is four cents, as provided in section 3.

**Hon. Mr. Davies:** I understand that the period for the reaching of an agreement, under section 5, has been extended from fifteen to thirty days.

**Hon. Mr. Robertson:** Yes. That amendment and the one I have just read are the only two changes from the original bill.

Honourable senators, I do not know that I can say much more as to the details of the bill. Perhaps some of my colleagues who listened carefully to the debate in the other house might be willing to give a fuller explanation.

**Hon. Mr. Roebuck:** May I ask what is meant by the words "narrow these limits"? If the men said they would take three cents instead of four cents, would that narrow the limits?

**Hon. Mr. Hayden:** No; the four cents increase is basic.

**Hon. Mr. Roebuck:** If the men say they want five cents instead of four cents, will that narrow the limits?

**Hon. Mr. Hayden:** No; that would widen them.

**Hon. Mr. Roebuck:** But if they said they would take three cents—

**Hon. Mr. Hayden:** They cannot say that.

**Hon. Mr. Roebuck:** Well, what is meant by narrowing the limits? If the men said they would work forty-two hours, would that be considered as narrowing the limits or widening them?

**Hon. Mr. Hayden:** That would widen them.

**Hon. Mr. Roebuck:** How am I to know that it would narrow or widen them?

**Hon. Mr. Horner:** You know everything.

**Hon. Mr. Roebuck:** Unlike the honourable gentleman from Blaine Lake (Hon. Mr. Horner), I do not know everything.

**Hon. Mr. Robertson:** May I add just a word? The impression I have is that the present situation is of grave importance to the country as a whole, and I think it is desirable that in our consideration of it some thought and appreciation should be given to what I believe were the very serious difficulties confronting the negotiators on both sides. It is very easy for the proponents of one side or another to say that the representatives of the railway companies or those of the unions were too rigid and unyielding, but I suggest to honourable senators that in these trying times the negotiators were faced with unusually difficult problems. On the one hand there were the negotiators for the railways. I am not qualified to give an authoritative statement as to the financial consequences of the best offer that they made, but these would represent a very substantial figure. The railway representatives are charged with the responsibility of appreciating that money does not grow on trees, and that sooner or later any increased costs must come from the treasury or from freight

rates. They would realize that in serious times like these that might not only have a very serious effect on the general economy of the country, but if freight rates were increased to such a point as to bring about a serious loss of traffic to the railways the whole problem might be further complicated. And indeed that last mentioned possibility might well be one of the inevitable consequences of this short strike.

**Hon. Mr. Quinn:** It will be.

**Hon. Mr. Robertson:** Undoubtedly there is the possibility that some business people may conclude that they do not need to use railway services in future so much as they did in the past. As I say, the railway operators were charged with great responsibility.

**Hon. Mr. Horner:** Tell us something about the government's responsibility.

**Hon. Mr. Robertson:** Well, this is a free country. The government had taken the view that the representatives of the railways and of the unions are responsible men who would realize that the collective bargaining system, which possesses great benefits and advantages, also makes necessary the assumption of heavy responsibilities. My honourable friend from Blaine Lake (Hon. Mr. Horner) would be one of the first to deplore and oppose government intervention and interference with business. More than once he has made the rafters ring by his attacks upon the government.

**Hon. Mr. Horner:** Just a minute!

**Hon. Mr. Robertson:** The representatives of the trade unions also were charged with very grave responsibilities. I wish to remind the house that the existing agreement was negotiated in 1948, and that the circumstances surrounding the recent negotiations between railways and employees, both in Canada and the United States, have changed considerably. There has been a continual rise in prices. Almost every index published shows an upward trend. This problem, as I say, does not apply only to Canada but also to the United States. In a recent copy of the *New York Times* it was reported that the Chrysler Corporation had voluntarily offered to its employees a pay increase of, I think, ten cents an hour. That indicates that the company recognizes the seriousness of the problem. The men representing the unions have been faced with a tremendous responsibility, and sooner or later a solution must be found for the problem of adequate pay. Honourable senators will appreciate the difficulties faced by the negotiators on both sides.

The government used every means in its power to settle the wage question before a

strike occurred. Indeed, this bill asks that negotiations be continued for a further thirty days, and if at that time an arbitrator has not been agreed upon the government may, at the request of the parties, extend the period. In the final analysis the government asks the railways to resume operations and the men to return to work. I am hopeful, honourable senators, that this request will be met.

**Some Hon. Senators:** Hear, hear.

**Hon. John T. Haig:** Honourable members, I hope that I will not say anything that will arouse an acrimonious debate in this house, but the fact is that the railways are the life-line of Canada. Confederation would never have been but for the bands of steel which cross this country. The Maritime Provinces entered confederation on condition that a railway be built from that area to the central provinces. British Columbia made a similar demand before coming into confederation. The Prairie Provinces were not settled to any extent at that time, but that area could easily have been serviced by an American railway line. The distance from where I live to the nearest American railway is only about 65 miles. My honourable friend from Lethbridge (Hon. Mr. Buchanan) is, I think, about 25 miles from an American railway.

**Hon. Mr. Buchanan:** I am about 55 or 60 miles away.

**Hon. Mr. Haig:** In any event, the present Prairie Provinces were then territories and did not bother with terms.

We start out with the railway system as the life-line of our country. In the course of our development two provinces have never felt the impact of the freight rate structure on their products. I refer to Ontario and Quebec, which because of their proximity to the Great Lakes and the St. Lawrence River, have never suffered from transportation problems in the same way as have the outlying parts of Canada. British Columbia, for instance, has been relieved to some extent by reason of her ability to ship via the Panama Canal route, but the people of Western Canada and of the Maritime Provinces are very seriously affected by the operation of the railway systems, and particularly by the cost of shipping freight. I would point out to honourable senators that if it were not for the Crow's Nest Pass agreement, which is now in statutory form, the farmers of the three Prairie Provinces would not be able to continue their grain operations. The rates under this agreement concern only the shipment of grain east and west.

**Hon. Mr. Aseltine:** Export.

**Hon. Mr. Haig:** Export grain, shipped east or west. Because of the Crow's Nest Pass agreement the whole impact of the freight rate structure does not fall as heavily as it otherwise would on the three Prairie Provinces.

I would say, honourable senators, that ninety-nine per cent of the people of Canada will hail with delight the passage of this bill tonight.

**Some Hon. Senators:** Hear, hear.

**Hon. Mr. Haig:** The only question that comes to my mind is whether the provisions of the bill are fair to all parties concerned. During the past fifty years, as was pointed out by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) this afternoon, there has been great development in labour relations. We must face the fact that labour has a tremendous backing. We sincerely feel that the men and women who labour are entitled to a fair day's pay in return for a fair day's work. That is fundamental. Provided a man does his job well, there should be no discrimination against him just because the boss does not like him. I need scarcely remind honourable members that the children of a labourer father who comes home at five or six o'clock in the evening, have just as much regard and esteem for their father as have the children of the father who comes home in a limousine. Furthermore, the children of the labourer have the same rights in this country as the children of the father who rides in a limousine.

**Hon. Mr. Euler:** Of course. That is fundamental.

**Hon. Mr. Haig:** I do not want to cast a vote in this house, or elsewhere, which would in any way destroy the fundamental rights that labour has acquired in its dealing with organizations which employ it, except in circumstances where the union has usurped the right of parliament to deal with matters affecting all the people.

I have no objection to clause 2 of the bill, which provides that the railways must resume operations and that the men must go back to work. As to the increase of four cents per hour, as provided by section 3, I am not very much concerned. What I am concerned about is the fact that we are approaching a new development in labour-management relations.

The honourable senator from Toronto-Trinity (Hon. Mr. Roebuck), I think referred this afternoon to what is known as the Lemieux Act. I believe that Act went further in protecting the rights of labour than any other piece of legislation. The measure before us meets that Act head on. The honourable leader of the government has said that

the measure deals only with the present issue. I would remind him that one may regard a lawsuit in the courts as only one case, but it may be cited frequently as a precedent in future cases. It may well be that parliament will on a future occasion face a problem similar to that now before us, and what it will do at that time one cannot predict.

I have been hopeful that the government would see fit to adopt such a policy as that in force in the United States, where the President has power to seize the railways and appoint an administrator. The government here could do the same thing, and the railways would continue to operate. However, the government has not seen fit to adopt that method, and I do not propose to move an amendment at this time.

The current trouble started in about June, 1949. In the fall of that year the government appointed conciliation officers to study the matter, and later a conciliation board was set up to deal with it. The companies accepted the board's findings, but the men refused. It should have been clear to the people of Canada then that we were heading for troubled waters, and the government ought to have known better than the rest of us what was going to happen, because they had their investigators and negotiators at work. Only a week before the strike was declared, I believe, the Deputy Minister of Labour said there would be no strike, that an agreement would be reached. An agreement had always been reached in the past, but I think another factor entered into this dispute. The world is now facing a crisis—I am not referring to Korea—and a person would have to be deaf, dumb and blind to not know that Russia is getting ready for war. While we hope that it will not happen, each of us in our heart really feels that it may. That is the situation which is agitating our men and women. They are uneasy.

Our labour unions believe that if war comes, labour prices will be fixed and workmen will be unable to get any increases. They are jumping now for all they are worth so as to get their increases before the clamp goes on. If I were a labourer and thought as I now do, I too would be getting ready for a war. Why were we called together this session? It was to deal with this bill; but in two or three weeks we were going to be called anyway to deal with another matter.

I should have liked to see clause 5 make provision for the procedure they have in the United States. There the President takes over the control of the railroads and they continue to operate. Then a solution is worked out. In these nine days of standstill our railroads have lost a tremendous amount of

money and business that they will never recover. Canadian businessmen have found that trucking is a good substitute for certain kinds of railroad transportation, and to that extent the railroads will lose business. That is my opinion and I think it is shared by some wholesalers and other people in the country. The fish producing industry of northern Manitoba has already suggested that instead of waiting for trains to take out their products they should have trucks to carry it to points of embarkation. I think that to a degree this sort of thing will happen all over Canada especially in Ontario and Quebec. If I were a labouring man or a representative of labour I would be bitterly opposed to clause 5. I would say, "Don't you tell me that this is only going to be used in this one case. Perhaps that is true, but it will be used as a pattern in other cases that come up".

**Hon. Mr. Hardy:** And quite right too.

**Hon. Mr. Haig:** Well, that is your opinion, not mine. I still firmly believe that more can be accomplished by negotiation than by dictation. If anybody has had anything to do with bringing up a family he knows what I mean. Here we are saying to the labour unions, "If you people cannot agree about something, and we declare it to be a matter affecting the interests of the whole of Canada, then we can put in an arbitrator, and he will settle it".

Subsection 3 is not quite what I thought it was. After reading it carefully I noticed a clause which helps me to understand it.

In deciding any matter under this section, the arbitrator—

And these are the words that change the whole meaning.

—shall decide the matter within the limits of the proposals that he determines were made by the railway companies and the unions . . .

In other words, no matter what the unions or railways may say their proposals were, the arbitrator could say "No, that was not the proposal; here is the proposal", and then determine accordingly. Therefore the clause does not mean anything.

**Hon. Mr. Hayden:** Is that not how a judge in a court decides a case? He hears both parties and decides the case on the facts.

**Hon. Mr. Haig:** Yes, but this does more than that. It provides that he can determine what the facts are.

**Hon. Mr. Hayden:** No, it does not.

**Hon. Mr. Haig:** Oh, yes, it does. He can say what the limits were. It says, "based on the facts before him".

**Hon. Mr. MacKinnon:** It is his understanding of the offer.

**Hon. Mr. Haig:** No, that is not what it says. It says:

—the arbitrator shall decide the matter within the limits of the proposals that he determines were made . . .

No matter what the parties may say the proposals were, the arbitrator will determine what they were. He is the man who will do that.

**Hon. Mr. Turgeon:** How would the arbitrator reach his decision?

**Hon. Mr. Haig:** I do not know. If the unions came forward and said, "What we proposed was this", and the railways came forward and said, "No, what you proposed was that", the arbitrator could say which he thought was right.

**Hon. Mr. Bouffard:** He can hear witnesses and investigate in any way he wants to.

**Hon. Mr. Roebuck:** Somebody will have to determine, will he not, what the proposals were? If the arbitrator does not determine it, who would the honourable leader opposite suggest should do so?

**Hon. Mr. Haig:** Well, those words should not be here at all. They were not in the original bill proposed by the government, and it was only after criticism that this proposal was inserted. The original bill did not contain this proposal at all.

**Hon. Mr. Fogo:** May I ask the honourable leader opposite what would happen if that amendment were not there? Would it not then be open for the arbitrator to decide that the men should receive something less than the railways offered on Saturday last. Is that not the reason why the amendment was inserted? Was it not to ensure that the arbitrator should not in any event grant less than the railroads had offered in their best offer?

**Hon. Mr. Bouffard:** Exactly.

**Hon. Mr. Haig:** The same applies to the men.

**Hon. Mr. Fogo:** Is it not insurance?

**Hon. Mr. Haig:** That is not what the Act originally intended to do.

**Hon. Mr. Hardy:** What does that matter?

**Hon. Mr. Haig:** It makes quite a bit of difference.

**Hon. Mr. Hardy:** No, it does not. Let us get on with the bill.

**Hon. Mr. Haig:** It makes quite a bit of difference, and as for getting on with the bill, I will just take my own sweet time. I am a good timekeeper. I can stand all the needling my honourable friend wishes to give me. I will just stand up here.

**Hon. Mr. Horner:** You will be all right as long as that fellow from Toronto-Trinity (Hon. Mr. Roebuck) doesn't get after you.

**Some Hon. Senators:** Oh, oh.

**Hon. Mr. Haig:** The honourable senator from Blaine Lake (Hon. Mr. Horner) says something when he says that.

**Hon. Mr. Roebuck:** I will spar with him any time he likes.

**Hon. Mr. Haig:** With whom, the honourable senator from Blaine Lake?

**Hon. Mr. Roebuck:** Yes.

**Hon. Mr. Haig:** Oh, boy, you have nerve.

**Some Hon. Senators:** Hear, hear.

**Hon. Mr. Haig:** As I have said before, this marks the first time in the history of the Parliament of Canada that compulsory arbitration between employer and employee has been introduced into the legislation of this country.

**Hon. Mr. Farris:** Was it ever needed before?

**Hon. Mr. Haig:** I do not know. We shall come to that.

**Hon. Mr. Euler:** What is the alternative?

**Hon. Mr. Haig:** I do not know. We shall come to that too in just a minute. If the United States saw fit to have legislation authorizing the President to seize the railroads, why cannot we try that system? Apparently it works in the United States.

**Hon. Mr. Grant:** Is not that compulsory?

**Hon. Mr. Haig:** It is compulsory to seize the railroads, but it does not say what the hours or wages will be.

**Hon. Mr. Roebuck:** They have to work that out.

**Hon. Mr. Haig:** Yes, and the President appoints a fact-finding committee which reports to him. The unions in the United States have always been in favour of that system. In fact, when the present railway dispute broke out in the United States the unions there requested the President to seize the railroads.

**Hon. Mr. MacKinnon:** Labour requested it.

**Hon. Mr. Haig:** Yes, labour requested it. There are seventeen international unions affected by the strike in Canada, and the same unions function in the United States. I want to state that as emphatically as I can, and I wish it to be recorded that I for one, am not at present in favour of compulsory arbitration.

It does not matter how much the leader of the government may attempt to soften down

the bill by saying that it applies only in the present case; I think it creates a bad precedent. In my opinion the situation could have been saved through the appointment by the government of an administrator to keep the railways in operation, so as to give labour and management a further chance to try to come to an agreement. The conditions under which they were negotiating made it difficult to reach any conclusion. The conciliation board's recommendations were not acceptable to the union.

**Hon. Mr. Farris:** May I ask my honourable friend a question? What power has the President of the United States to ensure that the railway men will continue working even though they may not agree with the report of a committee?

**Hon. Mr. Hayden:** None.

**Hon. Mr. Haig:** But they are under the control of the army.

**Hon. Mr. Farris:** That control is a great deal more potent than anything provided for in this bill.

**Hon. Mr. Haig:** That may be, but the unions over there have asked for it.

**Hon. Mr. Farris:** Why?

**Hon. Mr. Haig:** My honourable friend from Edmonton (Hon. Mr. MacKinnon) will bear me out in that statement. And if they are not afraid of it, I do not think I should be afraid of it for them.

**Hon. Mr. Roebuck:** But the unions over here have not asked for that.

**Hon. Mr. Haig:** I pass on to another point. As soon as increased rates are approved by the arbitrator, if he does that, there will be an application by the railways for more money. Now, who is going to pay the increased freight charges to provide that money?

**Hon. Mr. Hardy:** The people will pay.

**Hon. Mr. Haig:** The people of Manitoba, Saskatchewan and the other western provinces and of the Maritime Provinces will pay most, and my honourable friend's province will pay the least of all.

**Hon. Mr. Hardy:** It will pay more than any of the others.

**Hon. Mr. Haig:** No, sir.

**Hon. Mr. Hardy:** In our province we have more than four million people, in yours there are about half a million.

**Hon. Mr. Haig:** Ontario sells goods to us, and if it did not do so it would not have four million people. Unless the railway services

are cut down and men thrown out of employment, the additional money will have to be got somewhere, and it can only come from increased rates.

**Hon. Mr. Hardy:** It will come from Ontario and Quebec.

**Hon. Mr. Haig:** That is where I suggest it should come from. Those provinces have most of the money in Canada, so why should they not take care of these extra charges? My honourable friend will have to pay more income tax.

**Hon. Mr. Hardy:** He cannot pay any more.

**Hon. Mr. Haig:** Oh, yes, he can. We can take his shirt off his back.

I want to say that the shippers in seven of the provinces cannot pay any higher freight rates than they are now paying, and the only way in which additional money can be raised for the railways is through general taxation on all the people. We are paying a tremendous sum now for one of the railways, and that sum will be increased.

**Hon. Mr. MacLennan:** Does my honourable friend suggest that if an administrator were appointed there would be no application for increased freight rates?

**Hon. Mr. Haig:** No, I did not say that.

**Hon. Mr. MacLennan:** Then, if we still would be subject to demands for higher freight rates, what would be the advantage in appointing an administrator?

**Hon. Mr. Haig:** My point is that I do not believe an arbitrator should be empowered to decide upon the rates of pay for the employees. That should be a matter of negotiation between the unions and the companies.

**Hon. Mr. MacLennan:** That is a fine system so long as it will work, but in this case it did not work.

**Hon. Mr. Haig:** I do not know whether it had a chance to work or not. This application by seventeen unions has the backing of all the unions in the country, and they say they do not believe in compulsory arbitration. If an administrator were appointed, and after a reasonable period of negotiation under collective bargaining it was found impossible to reach an agreement, it might then be necessary to take further action; but at this stage the men and the companies should have a further chance to negotiate.

**Hon. Mr. MacLennan:** They have had a chance.

**Hon. Mr. Haig:** About two years ago I heard the Minister of Finance say that he believed

the cost of living index would not go higher than about 145. I believe he meant that, yet today we know that the index is 167. I presume it will go still higher, and if it does we are bound to have requests from people on fixed salaries, such as railway employees, for increased pay.

**Hon. Mr. Hardy:** Just like the senators.

**Hon. Mr. Haig:** Did they get an increase in pay?

**Hon. Mr. Euler:** When the arbitrator is considering the whole case, will he not deal with that situation on its merits?

**Hon. Mr. Haig:** The point I am trying to make is that I do not think the parties have been given a fair chance to reach an agreement.

**Hon. Mr. Euler:** They have been trying for more than a year.

**Hon. Mr. Haig:** But they have been negotiating during all that time.

**Hon. Mr. Euler:** And they failed to reach agreement.

**Hon. Mr. Haig:** They came pretty close together.

**Hon. Mr. Hayden:** Not close enough, though.

**Hon. Mr. Haig:** Maybe not, but they were pretty close. I may be wrong, but I think that if they had been urged a little more they could have been brought to an agreement. Before I became a senator I sat on a number of arbitration boards, and my experience was that differences could generally be argued until an agreement between the parties was reached.

I have spoken longer than I intended, but there is one more word that I wish to say. Candidly, I feel that the government has to take a lot of responsibility in this situation. I place the responsibility on the government, and the record will show in the future that this was the first government in Canada to introduce legislation making an agreement between capital and labour a matter of compulsory arbitration. At present I am not in favour of it. It may be that in years to come I shall see more necessity for it, but I repeat that at the present I do not like it.

**Some Hon. Senators:** Question!

**Hon. R. B. Horner:** Honourable senators, I do not intend to prolong the debate or delay for long the passage of this bill. But I wish to say a few words about it. Coming as I do from Saskatchewan, I have always claimed that that province has a greater need than any other for good railway service, because out there we have not the benefit of competi-

tion from water transportation which other provinces enjoy. And as I have said on other occasions in this chamber, our province creates more new wealth than any other does from the soil—and it does that without robbing anybody. With an area of seeded grain almost equal to that of all the other nine provinces together, we had a prospect of producing \$400 millions from the soil; but unfortunately a frost occurred in several parts of the province. With all my forty years' experience I am not in a position to assess what the frost damage will be. Frost comes in waves, and while some areas may escape damage, others do not.

The province of Saskatchewan has always faced a serious problem in the transportation of its produce. For instance, we can raise horses. You good people who have been attending the Ottawa Fair and eating tasty hamburgers made out of horse meat did not suffer any harm. If it were not for the high freight rates from the West we in Saskatchewan could raise horses for that purpose.

**Some Hon. Senators:** Oh, oh.

**Hon. Mr. Grant:** You also have a good government in that province.

**Hon. Mr. Horner:** Since you raise the question, I will answer you. The government of Saskatchewan is just as good as any Liberal government I have ever seen.

**Some Hon. Senators:** Oh, oh.

**Hon. Mr. Horner:** My main purpose in rising to speak tonight was to emphasize a point which I thought my leader did not emphasize. What concerns the people on the streets of Blaine Lake and the surrounding country, which I represent, is who had the responsibility of avoiding this railway tie-up. Was it the president of the Liberal association? Was it the government? There are always lots of people who want to push to the front, and who wish to be chairman of this or that committee when there is no danger or serious trouble threatening. The same is true of the government; it wants power.

The opposition in this house is a meagre group, but surely the public will not condemn us for lack of action. Surely the whole burden of responsibility for failure to halt the strike is upon the government. Who else can be blamed for this stagnation in transportation throughout Canada, which has lasted a week or ten days, and which is forcing the poor farmers to pay an extra \$4 a barrel for gasoline.

The boys from my part of the country who work as section-hands on the railway tell me that with their ballots they received instructions to vote to strike; but that there

would be no strike. Some of the strikers who helped me thresh some rye said that they never expected or wanted a strike; their salaries were sufficient for their needs.

Your Honour has always been very kind to me, and I propose to ask that a rule be enforced in this house during this and future sessions. The rule I have in mind is perhaps more important than any other in the book. I refer to the reading of speeches.

**Hon. Mr. Hardy:** Hear, hear.

**Hon. Mr. Horner:** I may make many mistakes, and I am sorry that it is often quite difficult for the reporters to take down what I say. I got into difficulty with the Grain Exchange in Winnipeg because the reporter misunderstood me, and made me use the word "board" when it should have been "pool". The reporters have my sympathy, because I know I sometimes speak very rapidly, but at least, I do not read my speeches. I may commit other crimes, but that is not one of them. I am sure there is not a man in this chamber who could not make a better speech than I can, but many of them read what they have to say. If Your Honour would enforce the rule in this respect there would be greater public interest in what is said here.

**Hon. Mr. Quinn:** And there would be better speeches.

**Hon. Mr. Horner:** A former Speaker ruled against the reading of speeches, and I was delighted to hear him say that we were appointed to this chamber because we were supposed to have some ideas of our own.

**Hon. Mr. Hardy:** Honourable senators, on a point of order, I think the honourable senator from Blaine Lake has run off the rails. He is entirely out of order in discussing matters that have nothing to do with the bill before the house. I think he should stick to the switches. I would ask for a ruling as to whether the honourable senator should not confine himself to the bill before us.

**The Hon. the Speaker:** Honourable senators, I would say that the point of order is well taken.

**Hon. Mr. Horner:** I think so too. I will proceed to deal with the bill in accordance with the suggestion of the honourable senator from Brockville (Hon. Mr. Hardy).

I say that there is not a farmer or businessman in the province of Saskatchewan who did not expect that the government would prevent a railway strike, and I charge the government with failure to meet its responsibility in this regard. The government could have called the cabinet together, discussed the matter with the leaders of the unions

and settled the differences long ago. As it is, I have to leave my work and spend my valuable time in coming to Ottawa, while the whole transportation system is tied up for a week or ten days. I am still a useful person in any place, and I am expressing my views tonight because of a keen sense of my duty as a senator from the Province of Saskatchewan. I repeat that the government should have taken action long ago, and the strike on the railways should never have occurred.

I would remind honourable senators that in the Province of Saskatchewan many millions of dollars worth of land was given away in order to secure a railway. The Canadian Pacific Railway has sold much of its land, but it retained the mineral rights on it and is today reaping large benefits from this source. Yet we are forced to view this sickening spectacle of steel rails carrying no produce.

I make no apology for the time I have taken in criticizing the government for its failure to prevent a railway strike. I am perhaps prejudiced in such matters as these, because I do not believe a strike has ever helped anybody. In my opinion the courts of this country are fair and just, and if anybody has a grievance he can get redress. Everyone in Canada has the right to speak for himself as I am doing tonight in my humble and inefficient way before the Parliament of Canada. Our free democracy permits the individual to go before the courts to get justice. I am not stating the policy of any party when I denounce strikes generally, but am expressing my own personal belief.

**Hon. Mr. Hardy:** Order!

**Hon. Mr. Horner:** Am I not in order?

**Hon. Mr. Hardy:** No, you are not.

**Hon. Mr. Haig:** Certainly he is.

**Hon. Mr. Horner:** Yes, I am perfectly in order.

**Hon. Mr. Hardy:** I am going to ask the Speaker again to rule that you are out of order.

**Hon. Mr. Euler:** Let him finish.

**Hon. Mr. Horner:** I am not out of order. Here is the point. The Canadian Government should have settled this strike. It should never have occurred in the first place. It has cost this country \$100 million now, and it can all be charged directly to the government. They had every power to prevent the strike.

**Hon. Mr. Crerar:** May I ask the honourable senator from Blaine Lake a question? He

has stated that the government should have settled this matter without parliament being called.

**Hon. Mr. Horner:** Yes.

**Hon. Mr. Crerar:** Would he suggest to the house how the government could have settled it?

**Hon. Mr. Horner:** I will suggest that the government could have insisted that the railways carry on; they could have said that parliament would be called but that in the meanwhile the railroads must carry on at any cost. The government could have ordered the railways to keep operating.

**Hon. Mr. Grant:** They can now.

**Hon. Mr. Horner:** They could have then, and at the same time they could have carried on negotiations and called parliament. Had I been Prime Minister I would never have allowed any such condition to develop. I would have given labour everything they asked for and would have called parliament, carried out negotiations and obtained confirmation of any agreement. In any case I would have seen that the railroads never stopped operating for one solitary day. I claim that was the duty of the government. I may be wrong but that is what I would have done. I would have seen to it that not one single train missed its service.

**Hon. Mr. Crerar:** Supposing the government issued such an order and the men said "We will still strike"?

**Hon. Mr. Horner:** The government never issued any such order. They pussy-footed and pussy-footed. They wanted the vote of everybody.

**Hon. Mr. Hardy:** Sit down.

**Hon. Mr. Horner:** I will not. I may just as well say what I feel like saying and be done with it. If you are trying to run a country you have got to be either a man, a mouse or a long-tailed rat—if you know what I mean. You ask for authority and then you are afraid to use it. That type of government has no right to exist in any free country, and that is the sort of thing that I am afraid will bring about dictatorship. That is what brought it elsewhere—weakness on the part of the government. What I really want to say is that the government have to run this country and see that the railroads are run. The people of Canada paid hundreds of millions of dollars for these railroads, and nobody knows this better than does the honourable senator from Churchill (Hon. Mr. Crerar). Even the Churchill railroad was paid for by Western Canada land. Now those roads are idle and carloads of

twine and farm machinery are sitting in the sloughs and railroad men are telling the farmers whose wheat is threatened with frost that they cannot unload their machines. Talk about dictatorship!

I want to know how long this condition will continue. Am I not right in declaring that it was the first responsibility of the government, and of the government only, to keep the railroads running and to avoid a strike. If it had to make what it thought an unreasonable agreement it could have called parliament and said, "Here, this is the best we can do. We kept the railroads operating, but now we want the support of parliament." But the government just waited until the present situation developed.

What has it cost this country, and what will be the result so far as the railroad men themselves are concerned? The International Harvester Company sold all the large trucks they had; they thought they were a drug on the market. What will be done with them? People like myself and many others have now taken their first trip in an airplane. What have the railroads and railroad men lost? What will all this trucking activity result in?

Honourable senators, I do not wonder at all at the honourable member from Brockville—

**Hon. Mr. Hardy:** From Leeds, please.

**Hon. Mr. Horner:**—from Leeds. I annoyed him greatly; but I thank honourable senators for bearing with me. Coming as I do from the greatest province of Canada and the province most affected by this strike, I felt duty bound to say a few words of criticism of the present condition.

**Some Hon. Senators:** Hear hear.

**Hon. Salter Hayden:** Honourable senators, I do not propose to prolong the discussion on the second reading of this bill, but there are one or two things that I feel I should say, particularly after having listened to the most interesting remarks by the honourable senator from Blaine Lake (Hon. Mr. Horner). I have always felt that he was a very good friend of mine, and I hope that he feels that I have always been a good friend of his; but regardless of all the friendship and personal liking I have for him I must say to him that before the things could be done that he was charging the government with failing to do, we would have had to create a lot more law than now exists in Canada.

**Hon. Mr. Horner:** I do not agree with that.

**Hon. Mr. Hayden:** I want honourable senators to know, as I am sure they do, that when this strike took place, the men who

went on strike were not violating any law of the land in Canada, because there was no law which prohibited or prevented them from striking. Everything that has been done to date has been done in a legal and orderly way and in accordance with our Canadian laws, but it has exposed a weakness in our system.

We now find a clash of two ideologies or philosophies, or whatever you wish to call them, as to the adjustment of rights between employers and employees. The right of labour to make use of the strike as an offensive or defensive weapon against employers has been well recognized. I would be the last person in the world to say that anything should be done to take away that right in the least particular. But today a second principle stands out—the welfare and safety of the state. When you have a clash of those two great principles, then, so far as I or any true and loyal Canadian is concerned, there can be but one opinion, namely, that the safety and welfare of the state is of paramount consideration. If, as I believe, the safety and welfare of the state has been threatened by the breakdown in the railway transportation systems in Canada, then it is time we brought our laws up to date and put them in such order that we can protect the welfare and safety of the state; yet we must do it on a basis which will not work unduly to the detriment of the unions and labour interests of Canada.

I believe the purpose and design of this bill is to protect the safety of the state and at the same time protect to the greatest possible extent the rights of labour. So far as this bill is concerned, all those things which were not agreed upon in the negotiations between the railway managements and the railway unions are to be the subject matter for consideration by the arbitrator. Now, if we cannot find a fair-minded and impartial arbitrator in Canada, then I would say I do not know what other measure could be adopted to ensure the protection of the best interests of the working people and the unions, as well as those of the railroads, which really represent the interests of the people, including so far as the Canadian National Railway is concerned, the workers themselves. If we have confidence in our courts and can choose proper judges, surely we should have confidence that somewhere throughout the length and breadth of our country there is an individual who can act fairly as an umpire between the railways and the railway employees. That is why I do not propose examining this measure with any particularity. The words used may not be the best ones, for the bill was drawn rather hastily,

but it is apparent that the framers of the legislation desired to accomplish two great things: to protect the welfare and safety of the state, and at the same time to prevent more than a minimum of injury to the working interests.

It has been suggested that the measure possesses the feature of compulsion, and that compulsion is bad. Certainly I agree that the strong arm of compulsion, when wielded in private disputes between management and labour, is bad unless it is necessary to protect the safety or order of the state; but once the safety or order of the state is concerned, I do not think that it is any worse to make it compulsory for management and labour to lay their problems before an arbitrator and to be bound by his decision, than it is to conscript all able-bodied citizens for protection of the state in a time of apprehended danger, or to institute compulsory control over prices, rents and other matters in order to safeguard our economic system during the stress of an emergency. For the fact is that we are in real danger at the present time, and we cannot afford a continuance of the existing tie-up of rail transportation.

I say that in these circumstances the government could not do anything other than it has done. As soon as the unions and the railways had reached an impasse and mediation proved of no avail, the government had no option but to ask parliament for authority to appoint an arbitrator vested with the power to make a decision binding on both parties. This bill contains nothing more and nothing less than that. It has nothing to do with situations that may arise in future, except in so far as it may lead to an expression of the views of parliament and of the people and bring about consideration at a later time of some means of assuring that never again will our laws be in such a state that should there arise an emergency threatening the country's economic life and welfare the government in office will be powerless to take action under the law without first having to call a special session of parliament and seek approval.

**Hon. Mr. Horner:** May I ask the honourable gentleman a question? Does he contend that this government was powerless to deal with the situation without calling a special session?

**Hon. Mr. Hayden:** In the light of what little understanding I have of the laws of this country, I say to my honourable friend with all the vigour at my command that the government was wholly powerless. The only laws that we had—

**Hon. Mr. Horner:** Will the honourable gentleman say—

**Hon. Mr. Hayden:** Let me finish. I enjoy my honourable friend's interruptions, but I wish he would let me answer one question at a time. For more than forty years we have had on the statute books of Canada the Industrial Disputes Investigation Act and the Conciliation and Labour Act. But a study of these statutes will show that although there is machinery that may be set in motion if, for instance, a municipality is likely to be injured because of a threatened strike among railway employees, and although there is provision for the setting up of a board of conciliation and, in the event that the board's recommendation is not acceptable to the parties, for the appointment of a board of arbitration with power to hear witnesses and make recommendations to the minister. Nowhere is the force of law given to the decision of either the board of conciliation or the board of arbitration unless that decision is agreed to voluntarily by the parties. So I say that there is at present no law that would authorize the government to bring about a termination of the existing strike. The Prime Minister of Canada, with all the dignity and responsibility attaching to his office, requested that negotiations be continued for thirty days in order to see whether it was possible to work out a compromise agreement, and I consider that when this request was declined the time for action by parliament had come. And as I see it we are here now in the interest of the people of Canada as a whole.

**Hon. Mr. Horner:** May I ask the honourable gentleman why the government did not use the War Measures Act, which is still in force?

**Hon. Mr. Hayden:** Of course, I cannot speak for the government. I may say, though, that I remember that after the war was over my honourable friend and other senators, of whom I was one, criticized the government for daring to carry on under the powers given to it by the War Measures Act.

**Hon. Mr. Horner:** Then why was the Act not withdrawn? The government kept it in force in order to deal with an emergency, and when an emergency arose the Act was not used.

**Some Hon. Senators:** Question!

**Hon. Arthur W. Roebuck:** Honourable senators, I have no desire to prolong the debate and I do not propose to do so, but I have been so long associated with labour unions, and particularly with railroad labour unions, that I cannot permit this occasion to pass without one word at least as to my own position in the matter. And while I regret delaying the house to this extent, I feel that I must do so.

My vote in favour of the measure may perhaps be interpreted by some of my friends

on both sides of the dispute as an indication that I like the bill, but I want to say publicly and plainly that I do not. In that opinion I think I am not alone, for I believe that no one in this house likes the measure. I certainly dislike it. Argue as you will, it has the element of compulsion in it. But, honourable senators, I agree with the senator from Toronto (Hon. Mr. Hayden) that at the time the negotiations broke down there was no law which gave the government power to order the railroads to continue operating. To the course that has been taken there was just one alternative, and that was to grant the employees' demands to a sufficient degree to keep the wheels turning. My own view—and I have no objection to any one's disagreement with it—is that this is what should have been done.

**Hon. Mr. Hayden:** That may still happen.

**Hon. Mr. Roebuck:** It may still happen. I am sorry that we are here. I think the demands of the employees were moderate. The wages paid to the men on strike are low, although the general opinion seems to be that they are high. Many maintenance men on rights of way are being paid today as little as 65 cents an hour, and you and I know that no man can live and keep a family on that wage. In the past the wages of our railway men, or of some of them, used to be the highest in the country, but today that is no longer so. I have been told that at one time the engineers—they are not on strike—were up in the first, second or third category of Canadian industrial wage earners, but that today they are in about the twenty-seventh.

The men who are now on strike are poorly paid and their demands are not exorbitant. Moreover, I think it is foolish to say that the economy of Canada could not carry the financial burden of paying these men at least what they ask. I would point out that in the past five years the Dominion of Canada has spent some \$9 billion in capital goods, including houses. As the honourable leader opposite (Hon. Mr. Haig) has said, increases in railway wages might have necessitated a redistribution of the burden in some way. My opinion is that the demands of the workers should have been met, at least to such an extent as to keep the wheels turning.

I can see no good purposes in the criticisms that have already been voiced, or in my adding to them.

**Hon. Mr. Horner:** Then why do you not quit?

**Hon. Mr. Roebuck:** The honourable gentleman did not quit when he was invited to do so.

The fact is that we are confronted with conditions, and whether we like the bill or not the public interest requires that we vote for it. We are in somewhat the same position as a drowning man who cannot argue about the colour of the life preserver that is thrown to him. While it is compulsory that we vote for the measure now before us, I think that everybody should understand that we do so because we have no other course. We are not necessarily approving all the principles that may be found in this bill, but we are voting in an emergency when the economic life of Canada demands that the railways resume operation. Indeed, the interests of the men themselves demand that we pull them out of this position. But let it not be thought for one moment that we are laying down a precedent that I, at least, will vote for in the future.

I therefore regretfully vote for this measure, and I hope the railway wheels will be turning twelve hours from now.

**Some Hon. Senators:** Question!

The motion was agreed to, and the bill was read the second time.

#### THIRD READING

**The Hon. the Speaker:** Honourable senators, when shall the bill be read the third time?

**Hon. Mr. Robertson:** With leave of the Senate, now.

The motion was agreed to, and the bill was read the third time, and passed.

#### THE ROYAL ASSENT

The Hon. the Speaker informed the Senate that he had received a communication from the Assistant Secretary to the Governor General, acquainting him that the Honourable Patrick Kerwin, acting as Deputy of the Governor General, would proceed to the Senate Chamber this day at 9.45 p.m., for the purpose of giving Royal Assent to a bill.

The Senate adjourned during pleasure.

The sitting was resumed.

The Honourable Patrick Kerwin, the Deputy of the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of the Governor General was pleased to give the Royal Assent to the following bill:

An Act to provide for the resumption of operations of railways and for the settlement of the existing dispute with respect to terms and conditions of employment between railway companies and their employees.

The House of Commons withdrew.

The Honourable the Deputy of the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 3 p.m.

## THE SENATE

Thursday, August 31, 1950

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

### BUSINESS OF THE SENATE

**Hon. Wishart McL. Robertson:** Honourable senators, before the Orders of the Day are proceeded with I wish to make a brief statement about the sittings of the Senate. I am advised that the other place will proceed at once with the speedy consideration of the business before it, and that it contemplates sitting this Saturday and on Monday next. It is hoped that within a reasonable period of time the debate on the Speech from the Throne and the sessional program of legislation will be dealt with and disposed of more or less concurrently.

Our present situation is not unlike that in ordinary sessions, when parliament assembles on Thursday and the Senate adjourns until the following Tuesday, I am sure honourable senators would not wish me to move the adjournment of the house today until Tuesday next if any useful purpose could be served by our sitting tomorrow or on Monday; but as I cannot think of any real reason why we should sit tomorrow or Monday, I intend to move when the house rises today that it adjourn until next Tuesday at 3 o'clock in the afternoon. I should like to suggest that by then if it appears that the business of parliament is moving rapidly, honourable senators who wish to participate in the debate on the Address should be prepared to do so. If at that time an early completion of the debate on the Address should seem desirable, we might even consider sitting in the evenings so that we may in no way delay the business of parliament.

I have made inquiry and have ascertained that none of the legislation to be brought before parliament could by any stretch of the imagination be introduced in the Senate. Therefore, as no useful purpose would be served by our sitting tomorrow, at the end of today's sitting I shall move that we adjourn until Tuesday.

### SPEECH FROM THE THRONE

#### ADDRESS IN REPLY

The Senate proceeded to the consideration of His Excellency the Governor General's speech at the opening of the Third (Special) Session of the Twenty-first Parliament of Canada.

**Hon. Vincent Dupuis** moved:

That the following Address be presented to His Excellency the Governor General of Canada:—

To His Excellency Field Marshal The Right Honourable Viscount Alexander of Tunis, Knight of the Most Noble Order of the Garter, Knight Grand Cross of the Most Honourable Order of the Bath, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Companion of the Most Exalted Order of the Star of India, Companion of the Distinguished Service Order, upon whom has been conferred the Decoration of the Military Cross, one of His Majesty's Aides-de-Camp General, Governor General and Commander-in-Chief in and over Canada.

May it Please Your Excellency:

We, His Majesty's most dutiful and loyal subjects, the Senate of Canada, in parliament assembled, beg leave to offer our humble thanks to Your Excellency for the gracious speech which Your Excellency has addressed to both houses of parliament.

He said:

(Translation):

Honourable senators, I have been given the duty as well as the honour, however filled with perils it may be, to move the address in reply to the speech from the throne.

When my distinguished leader informed me that the task was to be mine, considering the gravity of the present situation, I willingly complied with his request.

The speech from the throne which His Excellency the Governor General graciously read at the opening of this session contains but two requests: the first deals with the settlement of the railway strike, the other with our participation in the Korean war.

As I speak to you now, the railway strike has come to an end. A bill to this effect has been passed by both houses and assented to by His Excellency the Governor General at ten o'clock last evening.

I seize this opportunity with great pleasure to congratulate the Prime Minister, personally, as well as on behalf of most members of Parliament and the public at large, upon his tact, his moderation, his spirit of conciliation and, in short, his genius in the settlement of a dispute which threatened to paralyse our national economy.

Nonetheless, the foremost problem at the present time undeniably concerns the part which our country, as a member of the United Nations and signatory of the Atlantic Charter, must take in the Korean conflict.

The nations of the world have barely emerged from the most horrible universal conflagration we have ever witnessed, and we find ourselves threatened by another catastrophe which may prove to be the most disastrous of all times. In fact, this new war may bring our ideology to an end and jeopardize the very existence of humanity.

As we know, when the North Koreans invaded the Southern Republic of Korea,

they did so on the orders of Stalin and his Cominform.

Through the infiltration of their agents, the Soviets were able to conquer China with ease. They already controlled Manchuria. Now, they are planning to seize Tibet, Indonesia, Burma and other Asiatic countries. In Europe, half of Germany, Poland, the Balkans and Hungary are already under the yoke of communism.

We have known for some time, from the statements made by Stalin himself and through the writings of communists who have seen the light, that the Soviets' ultimate goal is to dominate the world, to subjugate all peoples, forcing them thereby to accept the communist creed.

This creed, need I recall it, is a total denial of human rights. It rejects God and therefore destroys not only all Christian religions, but also all sects which believe in a living and eternal God.

The hour may be more critical than we realize. We, who consider freedom and the respect of human beings as sacred, have the pressing duty of girding ourselves against this imminent and dreadful calamity.

We are appalled at the thought that this universal upheaval has been wrought by a handful of communistic doctrinarians who have deluded the Russian people into thinking that their way of life is infinitely superior to ours, as they claim our world is fashioned by capitalists without a conscience and without a soul.

However, we know full well that were the Russian people freed from this reign of terror, were they to know the advantages of a democratic government, they would undoubtedly choose our form of administration. Cruelly tested by adversity, they certainly have entertained for a long time dreams of regaining their freedom.

In order to draw a true picture of the disastrous situation which would prevail if, through nonchalance or indifference, the democratic peoples of the world failed to get together in an effort to stem the tide of communist ambition, it may be well for me to draw your attention to the present state of mind of many of the leaders of Asiatic countries. A great Chinese thinker, in a book written in 1943 and entitled *Between Tears and Laughter*, describes this strikingly. Listen well to what this Chinese scholar has to say:

"The awakening of Asia—and I include Russia which is half Asiatic—is the greatest single happening in history..." And further on: "In order to maintain the system of the nineteenth century, the white peoples will have to strangle Russia and China. At this stage, it may be too late..." That was in 1943 and he replies by the following questions: "How did the imperialism of the nineteenth century begin? What did the white man do to conquer the world? And what led him to believe in his superiority over other peoples?" The answer is categorical and concise: "The white man had guns and the Asiatics had none. The answer is as simple as that!..." He goes on: "If the reader still follows me, he will grasp immediately that the only logical means of keeping Asia in a state of permanent subjection, is to prevent the Asiatics from becoming acquainted with the use of cannons and guns . . . During the past century, only this lack of armaments has maintained the supremacy of the white race in Asia. What the second great war suddenly revealed is that the Chinese and the Russians now have guns. This simple fact will change the course of the history of the world for this deficiency no longer exists. And what is even better is that the Japanese can fight as well as the white men"—these are the words of a Chinese,—"the same can be said of the Russians and the Chinese."

And mind you Lin Yutang wrote this book seven years before the Soviets seized China. Taking for granted the sayings of this author, it means that the peoples of the yellow race are attempting to dominate the rest of the world. That is a nightmare which haunts the minds of leaders, whether European or American. This eventuality was generally considered as impossible, but it may be wise to revise our views on that subject. Honourable senators, if it is wise to refrain from becoming absorbed in this terrifying thought in order to safeguard our better judgment and avoid panic, it would nevertheless be well for us to reflect upon these matters so as not to have to blame the Russians for our own mistakes. Our training would make this easy for, in final analysis, the great majority of democratic leaders base their conduct upon the soundest principles of Christian philosophy. We have never wanted and we are not seeking the destruction of any other nation. When certain European and American countries penetrated into Asia in order to develop its natural resources, it is evident that they indirectly helped these Asiatic peoples to

modernize themselves. Once this result was achieved and these nations declared their intention of recovering their independence, they have obtained it. This is what happened in the case of the United States in the Philippines, of England in India, of France in Indo-China and of the Netherlands in its Asiatic possessions.

Let us not despair, however, for I believe we have more cause for hope than for despair. Far be it from me to speak like a preacher. I would simply suggest that we act in such a manner as to show the nations that we have faith, to show them that, even if we are weak and fallible, we still have faith. Our reason for hope lies in the attitude which must necessarily be ours from the spiritual point of view. It is fortunate that our ideology, based upon the principles of eternal justice and charity, opens wide before us the possibility of complete regeneration. Why not recognize it for, as human beings, we know that we are fallible and that every one of us, whether important or unimportant, rich or poor, employer or employee, has too often strayed from these principles. If we are really determined to bring peace to the world, if we want to safeguard our own future tranquillity, let us recognize that armed strength alone is not sufficient. What we require above all else is a sincere love of beauty, truth and good, all divine attributes capable of ensuring peace of mind. Our spiritual leaders have often reminded us of this.

One of the foremost dignitaries of the modern church, the late lamented Cardinal Villeneuve, in the course of a masterful speech he delivered during the last conflict, gave us indefectible rules in this respect: "The Holy Scripture is filled with examples showing that the steadfast resources of Christian people, when they wish to prevent calamities and wars, have always been public prayers, penance and faith in Divine Providence . . ." Further on, he said: "We strive for victory because we have faith; because our enemies think they can defy a divine power they challenge or curse, while we, even though we are not without fault, at least know how to pray; because in spite of our trespasses and our mistakes, and in spite of those of our allies, a first breath of Christian regeneration has been felt both on them and on us. Indeed, we may ask with confidence and expect with great hope the victory which a powerful God always denies wisely to the enemies of those who believe in Him. We must not forget, however, as Lord

Halifax once mentioned, that our prayer must above all seek God's will, thereafter trusting our ways with confidence into His hands".

There we have the spiritual side of the danger which threatens us. What about the material side? Towards the end of the last conflict, and since then, scientists have discovered new weapons of such great force that they multiply infinitely the means of destruction of all belligerents. The most abhorrent aspect of such discoveries is that these means of destruction do not only attack armies, but also women, children and old people. Indeed, should the Korean conflict become a world war, we may all expect belligerents to use the atom bomb and the H-bomb in their struggle against each other. That is why it is supremely important for all democratic countries to unite, to form an impervious whole of their strength, thereby showing that Communists have no right to jeopardize thus the peace of the world. That is why the Canadian Government has expressed, through the King's worthy representative, its determination to introduce legislation which, I trust, shall be adopted without delay by both Chambers, in order to increase our armed strength to the level of presently urgent needs.

Honourable senators, I could hardly bring this humble effort to an end without a word of tribute to the memory of our deceased members. I wholeheartedly join with other members of this Chamber in offering my deepest condolences to the bereaved relatives of honourable Humphrey Mitchell and Mr. Gleason Belzile. I also concur in the tributes which have been paid to that great statesman, William Lyon Mackenzie King. Let me first paraphrase the eulogy delivered by Bosuet at the death of the Prince of Condé: "I am equally overwhelmed by the greatness of my subject and, I must confess, by the futility of my effort." What part of the civilized world has not heard of the works and benevolence of this worthy diplomat, of this great statesman? They are spoken of everywhere. The Canadian who extolls them has nothing new to teach abroad. Whatever I may say about them today, your thoughts will overtake me and I shall have to contend with your secret reproach of not having said enough. We, feeble orators, can do nothing to magnify the glory of souls who have risen above the commonplace.

Let me state merely that he was, without ostentation, a patriot and a Christian. The illustrious story of his life will inspire future generations.

May the flame kindled by his noble soul forever enlighten the Canadian nation and guide it toward its final destiny!

(Text):

**Hon. George H. Barbour:** Honourable senators, in rising to second this motion I should like first to pay tribute to a former member of the House of Commons for Prince County. I refer to the late Right Honourable Mackenzie King, who on October 20, 1919, was elected by acclamation. Several eloquent tributes have already been paid to his memory in this chamber, and I am sure that the people of Prince County will read them with approval.

I wish to thank the leader of the government (Hon. Mr. Robertson) for allowing me the privilege of speaking at this time, though I must confess that I would be much happier if I were listening to somebody else, and I certainly would be much more comfortable.

**Some Hon. Senators:** Oh, oh.

**Hon. Mr. Barbour:** However, having been asked to attempt the seconding of this motion, I shall do my best, for I feel that in giving this privilege to me my province has been honoured.

I am sorry that because of not knowing the French language I was unable to follow the honourable gentleman from Rigaud (Hon. Mr. Dupuis), but I am sure that he made an eloquent speech.

Parliament met for this session under conditions hitherto unknown in Canada. Honourable senators will not soon forget their journey to Ottawa at this time. We have come here by bus, by plane and by motorcar. The tie-up of our train service, with not a railway wheel rolling in Canada, was something that we did not expect to happen in this dominion. I came up here by motorcar, and it was not until the third day of the trip, after having driven through Nova Scotia, New Brunswick, Maine, and New Hampshire, that in Vermont I saw a train moving. There was not much danger of being struck at any of the railway crossings on that trip.

**Hon. Mr. Aseltine:** Did you stop at all the crossings?

**Hon. Mr. Barbour:** This Canada of ours is a great country, and it has always been blessed with a stable government. I am sure it was an inspiration to anyone to sit in the gallery of the other house and listen to the Prime Minister, the opposition leaders

and other members discuss the vexed question with which they were dealing. The discussion was, I think, in strong contrast to what would be heard in a dictator's country. The members spoke in their usual tone of voice and, in the end, accomplished what they had set out to do.

The strike is now settled, but in the last week or so there was a good deal of discussion about collective bargaining. Now, I do not know what is meant by conciliation boards or boards of arbitration unless there is to be some conciliation at the meetings of these bodies. If no one is willing to give and take there is not much sense in holding meetings; and if an arbitrary clause had to be inserted in the bill in order to get desired results, I am sure it is not the government that should be blamed. I read in the *Financial Post* an article setting out the steps that led up to the strike, and I will quote a few extracts:

April 15: Conciliation boards recommend the 44-hour week with an hourly raise of 6.63 per cent.

May 1: Railways reluctantly accept boards' findings.

May 12: Unions reject recommendations, order strike vote.

I should say that was fairly fast action for the unions to take. If they wish to bring about better conditions they should be willing to sit down and reason matters out.

Now I should like to read a paragraph from quite a long editorial in the *Globe and Mail* of August 31:

The government mediator, Dr. W. A. Mackintosh, has put his finger on some of the salient causes. He found a complete lack of confidence between the parties to the dispute, and a very low level of effectiveness in collective bargaining in the industry. Matters like these are of very great importance in explaining why there was a strike, and they show why the government was wise in allowing the issue to come to its final stage.

The *Globe and Mail* evidently thinks that the course taken by the government was the best in the circumstances.

I should like to suggest to both the railway management and the union representatives that before they have any further meetings they read the 13th chapter of the First Epistle to the Corinthians and try to understand what is meant there by the word "charity." If they do that and carry on their dealings in a spirit of charity, they will find that it "never faileth."

As I see it, the difference between what the unions demanded and the railways offered was very small in comparison with what the people of Canada were bound to lose through a strike. Had the unions accepted the final offer they would have been giving up only a small fraction of what they had asked for,

whereas the people of the country lost millions of dollars because of the tie-up in transportation. I believe that by striking the unions really lost more than they gained.

I cannot see how we are going to be able to bring down the cost of living index if all the people in the country are to have a 40-hour work week. I would suggest that the best way to reduce the cost of living is to work harder and produce more goods, and by doing that we also would likely be able to purchase more for our dollar.

The Speech from the Throne says that parliament will be asked to consider the Korean situation, and to provide funds for national defence and for armed forces which may be required abroad. I am sure that what happened during the first and second world wars is fresh in the minds of everyone here. Now the governments of Canada, the United States and other Western countries are uniting and forming, as it were, a police force, in an endeavour to stop wars at their source and prevent them from spreading over the globe. I am sure that everyone is proud of the way the young men of this country enlisted when they were asked to volunteer for service in the war in Korea. It is worthy of note that about 60 per cent of the enlistments were by soldiers who had served in the Second World War.

Before concluding, I would be remiss if I did not say something about Prince Edward Island, the province which is sometimes called "the million acre farm." I do not say that it is the best province in the dominion—a claim which one sometimes hears. I could perhaps claim for it the second place amongst the provinces, but I do not wish to go even that far.

One of the terms under which Prince Edward Island entered Confederation was that the province was to have continuous communication with the mainland. For a good many years this communication, especially in the winter months, was not very satisfactory. My memory goes back fifty-two years, to a time when, during the winter months, I crossed by ice-boat, the fare being \$4 if the passenger remained in the boat, or \$2 if he got out, put a strap over his shoulder and helped to pull the boat. I recall an occasion when a member of the federal parliament made the crossing and was the only one who remained in the boat.

Conditions of communication in the early days were not good. At one time a crew of about six men went with the boat, which they rowed through the open water and pulled over the frozen ice. On one occasion the little vessel encountered a snowstorm and lost its way. It remained stranded on the

ice during the night, and both the hands and the feet of one member of the crew were so badly frostbitten that they had to be amputated. The crew burned the mail and everything they could to keep themselves warm during the night.

About thirty-three years ago an ice-breaker was built in Glasgow, Scotland for, I think, the Borden government. That boat is still running and is in good order. A second ice-breaker was completed in Montreal in 1944, at a cost of more than \$7 million. That vessel is owned by the Department of Transport, but on August 10, 1947, it was officially turned over at Charlottetown for operation by the Canadian National Railways. The government of Prince Edward Island, the boards of trade and others have felt that the boat, which accommodates seventy-five motor cars and eighteen railway cars, should not have been strike-bound and tied up at the wharf when hundreds of people were desirous of crossing to the mainland.

The Premier of Prince Edward Island, Mr. Jones, whom many honourable senators know to be a big, broad-shouldered man, announced that he would call the legislature into session. The following day Mr. Hall, who apparently has some human kindness in his heart, ordered the strike-bound ferry back into full operation. I do not know whether he feared that the premier would take the vessel away from the railways. In any event, the union head saw fit to put the men back to work.

About 70 per cent of the people of Prince Edward Island are rural; they work hard and long hours, and do not belong to unions. The only means by which they can obtain some of the luxuries which the central provinces have is by producing quality goods. This they try to do. They raise seed potatoes which I think I can properly claim are the best in Canada. This seed is shipped to most of the other provinces and to about half of the states in the American Union. Last year a large shipment went to Israel, and perhaps more will be required by that country this year.

The Island raises fine Yorkshire hogs. At the Charlottetown exhibition this year we had a very good judge from the province of Saskatchewan. He was so impressed by the quality of our hogs that he bought three carloads to take back to Saskatchewan. I think if the honourable senator from Blaine Lake (Hon. Mr. Horner) would tell what he knows, he would say that he owns some of these hogs. The hog producers in my province have to buy feed from Saskatchewan, raise the hogs, and then sell them back to Saskatchewan. Now that province is attempting to

catch up with us, and is buying the hogs to be fed in Saskatchewan. Last spring, when the Manitoba floods were receding, the farmers of Prince Edward Island got together and sent a carload of hogs to the farmers around the city of Winnipeg.

**Hon. Mr. Haig:** Hear, hear.

**Hon. Mr. Barbour:** Our farmers provided the hogs, and the feed dealers supplied the feed to be used en route to the flood area. I trust that the people who received the hogs were pleased with them.

The best beaches in North America are to be found on the north shore of Prince Edward Island. These beaches have been visited by some honourable senators, and we are of course pleased that the genial Clerk of this chamber finds his way there each year. I will not recite all the hardships he had getting transportation from Borden to Pictou, Nova Scotia, when he received the call to attend this session of parliament, but I know that he lost a good deal of sleep.

Prince Edward Island has not benefited greatly from confederation. At the time of confederation our own tailors made our clothes, and there were cabinet-makers, shoemakers and carriage-builders all doing business on the Island. In 1881 we had a population of 108,891, and by 1891 it had increased to 109,078. Today the population of the Island is only about 94,000 people. Notwithstanding the birth rate, this decrease in population is the third highest in Canada. Most of our children are raised in farm homes, where they learn to work, even if it is only on the farm. They work and go to school; they do not become juvenile casualties. But our farms cannot take care of them all, and we lose most of our university graduates to Ontario and other provinces.

Some time ago I asked my room-mate, the honourable senator from Montague (Hon. Mr. Grant), where his family had scattered to. He informed me that two sons are doctors in Summerside, and two daughters, one of whom is a nun, are living in Charlottetown. Two other sons are doctors in Saint John, while three other daughters are practising nurses in Montreal. Two younger boys attend Montreal University, and another daughter is living in the United States and still another in Windsor. I am sure honourable senators agree that it is not a happy situation when a province educates its children at great cost only to lose their services when they graduate. So far as I know we have no communists in Prince Edward Island, and I am confident that our young people make good citizens wherever they go.

I thank honourable senators for their patience in listening to me.

**Some Hon. Senators:** Hear, hear.

**Hon. Mr. Haig:** Honourable senators, I move the adjournment of the debate, and will be ready to proceed on Tuesday next. I should point out that it will be somewhat difficult to carry on this debate, because we have already dealt with half of the Throne Speech. I am advised that the legislation proposed by the government to deal with the Korean situation, and the general military program, will soon be brought down in another place. This will give me and others an opportunity of studying it. As the leader of the government (Hon. Mr. Robertson) has informed the house, the members of another place are going to sit tomorrow, Saturday and Monday, and if at the end of that time I do not know what the legislation is all about, I shall never know.

**Hon. Mr. Farris:** You can tell them what it ought to be.

**Hon. Mr. Haig:** I shall certainly do that.

**Some Hon. Senators:** Oh, oh.

**Hon. Mr. Haig:** I wanted to inform the house that my speech will be very short.

**Hon. Mr. King:** Good.

**Hon. Mr. Haig:** My honourable friend from Kootenay East (Hon. Mr. King) says "Good". I quite agree with him.

I join with the leader in urging that those members who wish to participate in the debate should be ready to proceed. If I were not ready myself I would quickly step aside and let somebody else carry on; but I promise to be ready. I am sure the majority of honourable members agree that we came here to do a job. We have done half of it in two days, so perhaps we can do the next half in another five to ten days. By the end of next week we ought to complete the second half of the job.

**Some Hon. Senators:** Hear, hear.

**Hon. Mr. Haig:** We had an illustration last night of what this house, or any parliament, can accomplish if it wishes to. I know that many members here would like to have participated in the debate last night on the very important railway question; but had they done so it would only have prolonged the tie-up of railway transportation.

I think the situation with respect to Korea is somewhat similar. The world is confronted with an exceedingly difficult problem. I do not wish to anticipate what the government intends to do, but apparently it had a military program that would have taken from two to six years to complete. The Korean situation, however, indicates that we are not going to be allowed six years in which to work out a program. I am not saying that we shall

have war, but I am suggesting that we shall, if we are not ready for it. I think that is the keynote of the whole situation which confronts Canada. Nobody wants war. We hope that we will not have one, and we think we will not if we are ready for it. I think that idea is fairly prevalent all over Canada. For these reasons I move the adjournment of the debate, and I promise I shall not be long on Tuesday afternoon. Other honourable senators had better be ready to follow me, because we could run out of business and the house could prorogue before they would ever have a chance to make their speeches.

**Hon. Mr. Robertson:** Honourable senators, I am not in a position to say just what legislation may come before the house on Tuesday afternoon at 3 o'clock, but I may say for information that a complete statement of the

views which the government holds on the international situation, and an outline of the military program in respect to national defence, is being made this afternoon in another place by the Ministers of External Affairs and National Defence. That statement will be available for honourable senators. It is usual for the leader of the government to follow the leader of the opposition in the debate on the Speech from the Throne, and I shall be prepared to follow him immediately. Other honourable senators will, of course, not be precluded from speaking later in the day.

The motion was agreed to, and the debate was adjourned.

The Senate adjourned until Tuesday, September 5, at 3 p.m.

## THE SENATE

Tuesday, September 5, 1950

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

### SPEECH FROM THE THRONE

#### ADDRESS IN REPLY

The Senate resumed from Thursday, August 31, consideration of His Excellency the Governor General's speech at the opening of the session and the motion of Hon. Mr. Dupuis for an Address in reply thereto.

**Hon. John T. Haig:** Honourable senators, I feel a little ill at ease, for this does not seem to me like a regular session, to which one comes with all the grievances from his own part of the country and pours them forth for the information of the government of the day.

I wish first to follow the time-honoured custom of congratulating the mover (Hon. Mr. Dupuis) and the seconder (Hon. Mr. Barbour) of the motion for the Address. Unfortunately I could not follow the mover's speech in French. Although I think a translation of his speech should have appeared in *Hansard* by this time, it has not, so I am unable to make any reference to what he said. The common sense displayed in the speech of the seconder indicates to me that Prince Edward Island must be a pretty good province.

**Some Hon. Senators:** Hear, hear.

**Hon. Mr. Haig:** The Speech from the Throne contains two items, one relating to railway-labour relations and the other to armaments, or in common parlance, the Korean question.

Parliament has passed legislation dealing with the railway issue. Though some honourable senators may have received communications from their constituents on this subject, I do not think I should refer to it further in this session. We expressed ourselves on the legislation before it was passed, and to comment further on it would do no good and would simply be a sort of aftermath.

The Speech from the Throne made no reference to the question recently raised in the other place, and which has been brought to my attention within the last few days, namely, the cost of living in Canada. When I arrived in Ottawa a few days before the session opened the cost of living index had reached 166.9 as against the 100 established during the period 1935-39. Five days later

it had reached 168.6. If it has continued to advance at the same rate, I would not care to guess at today's figure.

I sometimes get letters from women in my home town. One of these contains the following paragraph:

Bread went up a cent the other day, milk is going up a cent a quart, and the paper tonight says butter will be up a cent. A pound of sugar also is up a cent, and is in short supply here, right in the midst of the canning season.

Those items all seriously affect the cost of living. The reason I raise this question is that during the railway strike a statement was made on behalf of the men about the height to which the cost of living had climbed. I think it was the Minister of Finance who some three or four years ago announced that the cost of living index had reached 145, and that he thought it might go up another point or two. Well, it is now up to 168.5, and if what that housewife says is correct—and I assume that it is—the end is not yet.

How will it end? What policies are being suggested by the government to prevent a further rise in living costs? If the index goes higher we will have another round of wage demands all across the country, and quite properly so. I am not attempting to defend what labour does or what labour fails to do, for I do not know how wage-earners with families can keep up with the cost of living today. It seems to me that the government must come forward with some cure for this trouble. Although the recent strike was no doubt the result of increased living costs, no mention is made of this problem in the Speech from the Throne. It is not as important, perhaps, as the Korean situation, but it is an every-day topic of conversation and is the anxious concern of every householder in this country. Yet the government offers no solution for this problem.

**Hon. Mr. Farris:** What do you suggest?

**Hon. Mr. Haig:** I expected that some distinguished gentleman would ask me that question. My reply is that that is one question which I do not have to answer, because I am not responsible for government policy.

**Hon. Mr. Farris:** An answer might be very useful to the country.

**Hon. Mr. Haig:** I am not a supporter of government policy. The government got itself elected a year ago on a promise that it would do a good job, and so on. Now what is the government doing? Let me tell my honourable friend that in another place it has been said that the taxes which were cut off just before the election may have to be put on again. We will then be paying more for taxation, and the cost of living will be still

higher. For a good many years I sat in opposition to a provincial government who, when questioned about their policy, always replied by asking the same kind of question just asked by the honourable senator. Once, in a moment of weakness, I told that government how to save a million dollars in their next budget, and believe it or not they accepted my advice and saved a million dollars. Then they won the very next election because they said to the people "Look at what we saved you—a million dollars". I am not giving advice now, I am seeking it. I want the leader of the government (Hon. Mr. Robertson) to tell us what the government is going to do to reduce our cost of living. Shoes, clothes, food and shelter have all gone up in price. In my city, which is not a very important one—

**Some Hon. Senators:** Oh, oh.

**Hon. Mr. Haig:** —two-bedroom ranch houses are selling as high as \$15,000 or \$16,000. Rows upon rows of other houses are selling for as much as \$8,000 or \$9,000 each. I do not know where it will all end. History shows that the cost of building rises and then falls, but that it never falls quite to its former level. The responsibility for the increased cost of living lies right at the doorstep of the government. I wish the leader opposite would give us some solution, but I do not want it to be the solution that was given a year ago. In the 1949 session taxes were reduced because, the government said, the country was going well; yet now, almost within two years of the election, before we on this side have fully recovered our breath after the licking we took in that election the government are ready to put those taxes on again. I want the leader of the government to tell us why they reduced the taxes in 1949 and why they are putting them back now. I expect the answer will be that it is because we are at war. Well, we are just at the same war we were at then. It has not changed a bit. It is the same old cold war.

**Hon. Mrs. Fallis:** There was an election then.

**Hon. Mr. Haig:** Oh, I would not accuse the government of playing that kind of a trick. Perish the thought that any government of this country would reduce taxes just before an election and then put them back on as soon as the election was over! That could never enter my head.

**Some Hon. Senators:** Oh, oh.

**Hon. Mr. Haig:** I come now to what, in my judgment, is the most important matter in this debate. I have been making speeches

in legislatures and in the Senate for a good many years, during a little over thirty years of continuous service. Not many have served this country longer. Throughout all this time I never thought I would have to deal with so critical and important a situation as the one in which Canada finds itself on this fifth day of September, 1950. I think we are now faced with the greatest crisis in our history. We see the aggressors, cold and unafraid, attacking the United Nations Organization, the only body where different countries have been at all able to reach any kind of an agreement. Most people in Western Europe and the Western Hemisphere are agreed that we should be properly prepared in the event of world war breaking out.

Since 1945 the Parliament of Canada has voted \$1,500 million for military estimates. That is an average of at least \$300 million a year. But the average must be more than that, because this year's estimate was \$425 million, and, as my honourable friend from Churchill (Hon. Mr. Crerar) knows, one item alone of the general estimates that we investigated in committee contained an additional \$55 million for military purposes.

However, let us take the figure of \$1,500 million as having been voted in the last five years for defence estimates. Despite the voting of that sum, what happened after the 25th of June, when the North Korean aggressors moved south, backed by a Russian mandate? I say "backed by a Russian mandate," because there is no doubt who gave the order to the North Koreans to march. Let nobody have any misunderstanding as to that. People have said that we should not mention Russia for fear of bringing on reprisals, but the day for that kind of talk has gone for ever. Everybody knows that Russia gave an order to march, and that the North Koreans marched in cold-blooded aggression. At the next meeting of the United Nations Security Council, on the 29th of June, the action of North Korea was declared to be aggression, and the countries of the United Nations were called upon to put it down.

Let me pause here to point out that because of certain circumstances Russia was not at that meeting, and thus it was possible for the representatives of the other nations to pass a unanimous resolution. I am going to quote briefly from a speech made yesterday in the other house by the Secretary of State for External Affairs. I agree with the minister as to the facts, but I do not accept the conclusions that he draws. I was a delegate at one session of the United Nations and I have never believed that Russia would do

anything intentionally for the preservation of peace. I defy anyone who has attended United Nations meetings as a representative of Canada to point out to me one vote, one speech or one move of any other kind by Russian representatives there, for the purpose of safeguarding peace. Whenever Russian representatives have spoken at the United Nations they have said something designed to cause trouble, and they have used the organization for propaganda purposes and nothing else.

Now I come to what the Secretary of State for External Affairs said yesterday, and I call attention to it because had Russia been represented at the meeting of the Security Council on the 29th of June the council could not have passed the resolution calling upon member countries to stop the aggression in Korea. Here is what Mr. Pearson said:

For reasons which to me seem pretty clear, we did not contemplate this kind of aggression. I admitted that the other day and a good deal has been made of that admission. Why did we not expect it? In the first place, we did not expect it because there were no military agreements under article 43 by which we were bound.

I am quite free to admit that the leader of the Canadian Government delegation to the United Nations in 1946—at that time he was, I think, Secretary of State for External Affairs, and he is now Prime Minister—suggested that the United Nations should have a military force to be used against any nation that took aggressive action in any part of the world. My honourable friend the leader of the government here (Hon. Mr. Robertson) was there at the time, as I was. The suggestion did not get very far, as I felt it would not after I heard the speech that Molotov made at that session.

Mr. Pearson went on to say:

In the second place, we did not expect it because it was difficult to visualize a resolution of the Security Council to use force against a communist state which would not be vetoed by the U.S.S.R. as a member of the Security Council. Therefore, realizing the weaknesses of the Security Council in this matter, realizing the unlikelihood of the United Nations being able to live up to its joint obligations in respect to this kind of aggression, certainly from communist countries, we had along with other countries worked out the North Atlantic pact under which our obligations in respect of that group of states would be specific and would not be vetoed by anybody.

It is fortunate for the rest of the world that Russian representatives, who for some six months had been absenting themselves from Security Council meetings, were absent on June 29. But Russia undoubtedly saw her mistake, because at the July meeting she was represented again.

**Hon. Mr. Horner:** The Russian representative came back on the 1st of August.

**Hon. Mr. Haig:** Yes, the 1st of August. Thank you.

On the 14th of July the Secretary General of the United Nations called upon member countries to send ground forces to defend South Korea. We sent three destroyers from the Pacific coast, and about a dozen TCA planes were used for transport purposes from Washington, on the Pacific coast, to Tokyo. But what was the response of our government to the call for ground forces? None at all. On the 7th of August the government announced that it would raise a special force to be sent wherever the United Nations might require them, but that probably six months would be required to train the force.

Now, here is what I wish to emphasize. From 1945 to the end of June this year we had spent or voted \$1,500 million to help fight aggression by Russia or any other country, but when we were called upon to send ground forces the government admitted that it was unable to furnish any at all. That is the situation. Today the defenders of South Korea are fighting to save that country against the invaders from the north, and the question in everybody's mind is, "Are the defenders going to succeed, or will there be another Dunkirk?" All the world knows that the British people have been hard pressed to get enough money and goods to do with; and the British government has trouble in Malaya, and threats of trouble at Hong Kong. Yet British troops are helping to defend South Korea. We also know that Australia had fighting airplanes in South Korea almost as soon as the Americans did, and now she is sending ground troops as well. I am not saying whether or not we should have sent troops. I am simply pointing out that when we were asked to send some we did not have any. I may be told that we have forty-five thousand men in the army, navy and air force, but the government has said that they were not trained for the kind of fighting going on in Korea. They were trained to defend Winnipeg, Edmonton, Lethbridge and other cities against the Russians if an invasion were attempted from the north. But does anyone think that any little force we could put in the north country would stand up against the kind of attack that Russia would make if she did decide on an invasion?

Here are two simple facts that have always appealed to me. We fought World War I in Europe, but we know from what the Germans have told since that if they had been successful in that war Canada would have been the first country taken over by them. World War II also was fought in Europe, and again we know that had the Germans been successful in that war the

first country they would have taken was Canada. And Canada is the country that Russia would take over first if she won World War III. There are a number of reasons for that. It is adjacent to their own country, it is only slightly populated, is rich in natural resources, and would provide them with a bulwark against the United States. Someone may say that the United States would not let them take over Canada. I do not know what the Russians can do.

The current issue of the *Saturday Evening Post* contains an article showing some things that are feared by two able reporters who have lived in Europe for a number of years. It is a well known fact that Russia is always trying out the soft spots. Why did she attack in Korea instead of in Germany? The reason is that she concluded—fortunately for us, wrongly—that the United States would not go to the assistance of South Korea. If Russia had not been stopped there, where next would she have attacked? I personally do not know, but according to these men who have been abroad and know the situation, she would have attacked through Iran. Would the United States and Canada have gone to the aid of that country? Certainly if the United States did not choose to protect South Korea, she would not go to the assistance of Iran. And if she went to the assistance of Iran, she would probably have to go alone.

We are today facing a most serious situation, which the government must have known was upon us. The minister admitted that he was relying on not having to defend against an aggressor by reason of the likelihood that Russia, through the United Nations organization, would veto any such proposal. If Russia had been at the meeting of the United Nations at which the decision to defend South Korea was taken, she would have vetoed the authority to do so, and we would not have been called on for military assistance. Under those circumstances the United States would probably have had to stand on its own feet. At one time we bitterly criticized the United States for its policy of isolationism, and we might well have said that that country was getting some of its own medicine.

But it would be equally wrong for us to do what we criticized the United States for doing. I fail to understand the attitude of anybody who says that Canadian troops should fight only in Canada. Leaving aside for the moment the question of loss of life and destruction of armaments, what loss did Canada suffer in the First World War compared with that of Belgium? In the Second World War what did we endure in comparison with the people of Great Britain, of Belgium or of Holland? Furthermore, compare our

losses in World War II with those of Russia. True, we suffered loss of men and materials, but our country was not devastated in the same way as was the western part of the Soviet. My theory is that we should fight wars elsewhere, because if we fail to do so we may ultimately have to fight them on our own soil. We all know that if the forces of the United Nations are defeated in Korea, Russia will then turn on Iran, or Germany, or Yugoslavia. One by one these countries will fall, until eventually Russia will move all over Europe, and then we will be slaves for eternity. That is the feeling of the people of Canada today. True, Canada has a population of only 14 millions and the United States has about 150 millions and is the greatest manufacturing nation on earth. Nevertheless, the fact is that our country is the more attractive of the two to an enemy today, and therefore we ought to be doubly prepared to protect ourselves.

How can anyone who believes in a Supreme Being stand by and say that we should not defend ourselves against aggression by communism? Why that attitude should be taken is beyond my comprehension. I have known, as many honourable senators have known, what it is to have a son fighting overseas; and knowing that, I say that we must face the serious conditions of this crucial period. In my opinion this is a more crucial time than were the days preceding either the First World War or the Second World War. We now face an enemy that is carrying war into every part of the world. My honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) may say—and he may have some reason for saying it—that if we had given a little better living to the people of Asia, of the Malayas and certain other countries, there would be less reason for them to fight us today. I do not know that that is the answer, but I am fully aware of the fact that Russia will do everything she can to make the peoples of those countries believe that the communistic form of government will give them plenty; and they will refuse to take note of the slavery into which the peoples of countries now under the control of Russia have fallen.

For these reasons I should like the government leader in this house to tell me what is the policy of his government, first, regarding the open aggression in Korea. The honourable gentleman need not remind me that Canada has sent three destroyers and twelve planes I think that I am as good a Canadian as anybody but, ladies and gentlemen, I ask you seriously, is Canada's contribution a generous one? When we realize that we are fighting the worst aggressor in the world today, it is not much of a contribution. We know, of course, that we are not fighting

this battle alone. If the whole affair ended in Korea, one might regard Canada's contribution as satisfactory. But, I repeat, if Russia wins in Korea she will move on to another target.

The communistic philosophy has spread the world over. Indeed, we have communists right here in Canada: and does anyone suggest that if we were at war with Russia they would not do everything they could to hasten the downfall of this country? Certainly they say they would do just that, and I do not know why they would not carry out their threat. The communists in European countries, such as Poland and Czechoslovakia, which have fallen to Russia, have assisted the aggressor. This is particularly true in Czechoslovakia where, according to an article I read only recently, those men about whom there is any doubt are being killed off.

Secondly, I want the government to tell me what is the obligation of this country under the Atlantic charter, and how is it intended to carry out that obligation. I see by the *Hansard* of the other place that the government proposes that parliament vote \$142 million—presumably to maintain the special force for Korea—and the following further amounts: \$409 million, \$2 million, \$5 million and \$3 million. These votes are all beyond the \$425 million voted during the previous session of parliament.

I admit that such huge expenditures will require increased taxation, but that does not answer my question. I repeat. What is the government doing to carry out the terms of the Atlantic charter, in the event of Russia attacking some part of Europe tomorrow? What would our government do if Russia went into Norway, or Holland, or Belgium or Luxembourg? How would we do our part to meet such an attack? True, we have set up a group of five or six thousand men for United Nations purposes, but that would not be enough.

It must be remembered that we do not have five years in which to prepare. At the most we have two years. I am one who believes that Russia has not enough atomic bombs to carry out her purposes, and therefore is holding back. But we have not enough bombs either. I think it was Mr. Drew who said that we are living on borrowed time. At one time we thought we had five or six years in which to prepare to defend ourselves, but on June 25 last we apparently did not have any time at all.

I have spoken long enough, and my honourable friend the leader of the government (Hon. Mr. Robertson) may say that I have announced no policy for the Conservative party. Well, I have no authority, and it is not my responsibility, to announce a policy.

When this country went to war in 1914 that great statesman, Sir Wilfrid Laurier, who was then leader of the opposition in the other house, did not announce any policy or suggest to the government what it should do. The situation is the same today. This is your baby. What are you going to do about it? We have allowed the present crisis to dangle since June 25, and today we are no nearer to knowing what we are going to do than we were then. We know that we are going to vote money for defence purposes, and that six or seven thousand volunteers have been asked for. The government has asked veterans of World War II to volunteer—a policy that is being criticized across Canada. I wonder whether the time does not come when a man might be considered to have fully completed his service to his country. If my boy or your boy went through the last war, he should not be called upon to go through another, especially when so many young men did not serve their country at all. I know how the parents of boys who fought in the last war feel about their sons being asked to volunteer again. I do not refer to the troops who guarded our coasts or who stayed in Britain and did nothing. I am talking about our boys who fought in Italy and at El Alamein and in Germany; our boys who flew over enemy territory when—at least in the early days of the war—one-third of them would not come back from a one-night raid. I am talking about the boys who made thirty operational trips over enemy territory, fighting to save democracy for the rest of us. I question the right of the government to ask those men to volunteer again. It is a very grave responsibility; but if that is the government's policy, I want to know it; I do not want to pretend it is something else.

Just what is the government's policy in this whole show?

I do not agree with Mr. Drew or with Mr. St. Laurent. I am beginning to think that a world war is inevitable. I have never known a dictator to quit—unless he was shot—and I do not see 170 Russian divisions in Europe standing still and doing nothing when faced by only about 12 allied divisions. If it were not for the fact that the United States has the atomic bomb, the Russians would be moving now. The Russian tanks used by the North Koreans were found to be so far superior to the tanks used by the Americans that it was simply a joke, and only the bigger American tanks now being used are able to hold their own. The enemy in Korea is not using any aeroplanes to speak of, but when the Russians attack in Europe they will have thousands of planes.

What is the Canadian government doing to meet this challenge, which is right at their doorstep? I admit that their responsibility is tremendous, but they have to face it. We have gone to help the United States, and from reading this article I have come to the conclusion that perhaps they are just as far behind in defence matters as we are; our government may even be in a better position than theirs. But that does not help us or save the Korean people who are being chased out of their homes. They have no satisfaction in knowing that the Americans had been there after the last war and then had got out. The Americans should have remained and trained the South Koreans, just as the Russians are training the East Germans. The East Germans are trained and armed, while the West Germans are untrained and unarmed. I realize that we in Canada, and in the United States, Britain, France and other countries think ours is the Christian and human way; but we are not fighting a Christian or humanitarian nation. We are fighting dictators who have a lust for power and who demand that their will shall be supreme. Honourable senators, we have got to prepare ourselves for this.

**Some Hon. Senators:** Hear, hear.

**Hon. Wishart McL. Robertson:** Honourable senators, I want to join with the leader of the opposition in congratulating the mover (Hon. Mr. Dupuis) and the seconder (Hon. Mr. Barbour) of the Address in reply to the Speech from the Throne. Like the leader opposite, I was unable to follow the remarks of the mover as closely as I should like to have done, but I have just recently received a translation of his remarks, and I can tell my colleagues that when they have an opportunity of reading it they will find that the honourable senator from Rigaud has lived up to his reputation of being a keen student of public affairs, and particularly those pertaining to present world hostilities. Those who were unable to understand the mover in his native tongue will find it well worth their while to read and re-read the translation of his speech. It is an excellent contribution to the debates of this house.

**Some Hon. Senators:** Hear, hear.

**Hon. Mr. Robertson:** The same is true of the address by the honourable senator from Prince (Hon. Mr. Barbour). As government leader in the Senate it is my responsibility to ask various senators to assume the task of moving and seconding the Address, and with a great wealth of material from which to draw I always endeavour to choose men from different sections of the country. I am sure honourable senators agree that it is both

interesting and illuminating for us, in the opening days of each session, to hear someone present the viewpoints of his own particular part of the country and discuss the matters referred to in the Speech from the Throne.

Honourable senators, in other sessions I would usually adjourn the debate at this time in order to give some thought to any specific questions asked by the leader of the opposition. Now, however, as I intend to proceed this afternoon, I hope the leader opposite will not feel that I have ignored his remarks if I neglect to comment on all the points he has raised. I also hope that some of my colleagues on this side of the house will fill in anything I overlook. I feel it almost impossible to go over all the ground covered by my honourable friend, because he, in addition to being well informed about domestic and international affairs, has become a great parliamentary strategist. The rapidity with which he discussed all the international questions before us really amazed me, and in the brief time I have before me I would not try to touch upon them all. In any event, I do not know that I would be the proper person to deal with matters of government policy on certain questions which have been raised. When the Appropriation Bill is before us we can refer it to our Special Committee, where the ministers of External Affairs and National Defence can perhaps answer the questions raised by the honourable leader opposite.

My friend has definitely and specifically demanded to know why Canada should not have sent ground troops to Korea immediately they were asked for. That question implies one of two things. Whether we were right or wrong in not sending land forces may be questioned. It was certainly no secret that we had no troops ready to send. We could, of course, have sent some 3,000 highly-trained parachute troops; but these men, as my honourable friend knows, were specifically trained for the defence of Canada. The alternative was to send a number of untrained troops to Korea in order to make a showing. I do not think that would commend itself to our people, and I am surprised to find my honourable friend advocating it. It would be a senseless thing to do, for it could only cause a waste of life without adding anything to the strength of the United Nations forces.

As to our general obligations under the North Atlantic Pact, I have no particular knowledge beyond what has been stated in another place by the two ministers chiefly concerned. Perhaps further information could be elicited. I take it that the obligations assumed by Canada under that pact are for the common defence and benefit of ourselves and the other countries with whom

we have bound ourselves together. How successful or effective this pact may be remains to be seen. My honourable friend opposite has referred to the proposal made by Canada at the United Nations that member countries agree to make their combined armed forces available for the repelling of aggression in any part of the world. As he said, that suggestion was opposed by Russia and fell by the wayside. Specifically, what we have in its place for purposes of collective security is the undertaking of those countries bordering the North Atlantic to build up their armed forces in an endeavour to be ready to meet just such a challenge as is now presented in Korea.

In the face of Russia's right to veto, how the United Nations will undertake to give effect to the desire expressed by the other countries for combined effort against aggression, I do not know. I assume that the Assembly will try to reach some formula for avoiding this obvious difficulty and others. It will undoubtedly be the will of all the countries except Russia to make their united strength available for fighting aggression, and I hope means will be found to prevent Russia from frustrating that will. The pact made by the North Atlantic countries, in which Canada is included, continues in force, and I have no doubt that as time goes on we shall be given further information as to what plans are being laid for defence.

I was much interested in the passionate attack made by the leader opposite (Hon. Mr. Haig) upon the government because of rising prices, and I presume he wished to imply that controls should be reimposed. But I have a distinct recollection of listening in this house to eloquent appeals by himself and his colleague from Blaine Lake (Hon. Mr. Horner) for discontinuance of government controls, "now that the war is over," in order that the law of supply and demand might be able to operate again and cause prices to come down. If they did not describe the government as iniquitous for having brought controls into being, they at least attacked it for continuing them, and argued that there should no longer be interference with the ordinary effect of competition on the prices of goods. But at this session our honourable friends have made an almost frantic appeal for resumption of government controls. In so doing they have paid the government a high compliment. I fancy that the leader of the opposition was happy that it was not the responsibility of the opposition to bring down legislation, for the problem of dealing with prices was not an easy one. He certainly was not right in his forecast that the problem would be settled if the laws of supply and demand were allowed to

operate freely. And now there is, as I say, this appeal, which perhaps in the circumstances is a natural one, to have controls put on again.

**Hon. Mr. Haig:** Just a minute. I never urged that controls be put on again. I asked what the government policy was.

**Hon. Mr. Robertson:** My honourable friend's memory of what he said is probably right. However, he wanted the government to do something. It is a very subtle point.

**Hon. Mr. Haig:** No. I asked you what the government's policy was.

**Hon. Mr. Robertson:** My honourable friend used to argue that if the government stopped doing certain things, everything would be all right; but now he says that everything would be all right if the government did something. I believe he is as much in error now as he was when insisting upon his demand that controls be removed.

I do not think I need to remind this house that the primary reason for calling this special session of parliament was the worsening of the international situation. It is true that the opening date was advanced somewhat because of the railway strike, but I have no doubt that the difficulty of effecting a settlement of that strike in the final hours of negotiation was attributable in some degree, at least indirectly, to the difficulties brought about by the Korean war, the workers perhaps fearing that a largely increased demand for many goods by people trying to safeguard themselves against shortages in the event of an extended conflict might start an upward spiral in prices. So from that point of view it can still be said that the worsening international situation was the primary reason for calling this session.

The leader opposite has pointed out that the government, through an appropriation bill which is already before the other house, will be asking for specific sums of money. Last session the vote for defence was approximately \$425 million, with authorization for another \$190 million for forward commitments. My honourable friend reminded us that in committee a certain item, which perhaps should have been properly charged to defence, was found to be under another head—I think it was housing. The Appropriation Bill introduced at this session calls for a direct appropriation of \$142 million for defence, plus \$300 million for the supplying of armaments to our allies overseas. The government is seeking authorization for future commitments of an additional \$409 million, and a further amount of more than \$5 million is required for defence research, plus an extra \$2 million, which may not be

directly connected with war expenditures, to cover increased activities of the Royal Canadian Mounted Police. The sum total, honourable senators, of what we have spent, the commitments we have made, and what we are asking for in the future, is the staggering sum of almost \$1,500 million.

The *New York Times* of last Monday, in an interesting article on the armament program of the United States, showed clearly the tremendous cost of producing and maintaining modern weapons of war. According to the article, the total appropriation bill presented to Congress amounted to 36.2 billion dollars, to which should be added an amount passed by the house, and now awaiting Senate action, of 16.8 billion dollars. These amounts, plus an additional \$10 billion for which the President will likely ask, make a total of \$63 billion, of which more than \$45 billion is to be used directly for military expenses. This expenditure reduced to a per capita basis means that every man, woman and child will have to pay \$300 each towards the cost of armaments. Though these sums appear fantastic, they are probably far less, as my honourable friend has pointed out, than may have to be contemplated by the United States and Canada should the international situation grow worse.

The honourable leader opposite raised a question which is asked by many serious-minded people today: Why was it that when the Korean war broke out the United States, which had an armament expenditure of \$14 billion a year for some years, plus an additional amount for atomic research, had only about eleven divisions under arms and these were not up to full strength? With all Canada's activities on land, on the sea and in the air, we were prepared at that time to put into combat only a brigade of three or four thousand men. The reason for that situation, of course, is increased expenditures for armament purposes. Large as our appropriations have been, we were able to provide only a skeleton organization which could, when necessary, train a larger combat force. This basic organization provided facilities for the rapid expansion of needed armed strength for defence purposes.

A realization of the staggering expenditures of the United States, and to a lesser extent of Canada, for an inadequate defence force, causes one to speculate on the program that must have been in operation in Russia during the past few years. The honourable leader of the opposition in the other house quoted some figures on Russia's military strength today as given by a member of the British government. It was said that she had about three million men under arms, or 175 divisions, which could be expanded within a few

months to a force of five and a half million to six million strong. Further, it was said, that Russia has 40,000 tanks,—seven times as many as the United States—19,000 aircraft, many of which are of the latest jet propulsion type, and 360 submarines, 200 of which are of the largest and most modern construction.

**Hon. Mr. Haig:** May I ask the honourable leader whether it is true that one of those submarines recently visited Halifax?

**Hon. Mr. Robertson:** I would not attempt to express an opinion on that question, for my honourable friend has as much knowledge of that matter as I have. I might well ask him if it is true that Canada has recently been visited by a Russia submarine. While I have no special information on the subject, I presume that the rumour was true.

**Hon. Mr. Duff:** Nonsense! A Russian submarine was never there.

**Hon. Mr. Quinn:** They have been seen in the Bay of Fundy.

**Hon. Mr. Robertson:** My honourable friends know more about the subject than I do.

I make a comparison between the present military strength of Russia and the United States to show what a country of 200 million people can do. I take the figures in this respect to show that since the last war Russia has maintained an army of three million men and an air strength of 19,000 aircraft. Think of the tremendous cost of keeping this equipment, which rapidly becomes obsolescent, up to date. Bearing in mind the relatively low production of Russia, it becomes obvious that she has been taxing her productive facilities heavily to produce arms and equipment on the scale to which I have referred. We are just now having a taste of what a much smaller armament program costs. Though the financial structure of Russia differs from our own, nevertheless the arming and equipping of 300 million men is an enormous feat.

**Hon. Mr. Horner:** How many millions of slave labourers does Russia have to do the work?

**Hon. Mr. Robertson:** Generally speaking, the men of an army are young and active, and there is nothing to indicate that slave labour is more intelligent than any other type of labour. After all, the population of Russia is only fifty million more than that of the United States, a highly productive nation.

I have always felt that even if Russia's armed strength were a fraction of that claimed for her, that in gaining that strength she must have taxed her productive capacity to such an extent as to reduce her standard of living to a very low level.

**Hon. Mr. Haig:** Hear, hear.

**Hon. Mr. Robertson:** We must not forget that as a result of the war the western portion of the Soviet Union was terribly devastated, and this area had to be rebuilt. Honourable senators, I give the leaders of the Soviet Union credit for having sufficient intelligence not to seriously believe that they are likely to be attacked by the western world, and I suggest to the house that the tremendous land mass embraced in the Soviet Union forms an almost impenetrable barrier. I am certain that Russia's leaders are sufficiently aware of our legislative processes to know that from an economic viewpoint Canada and the United States have not at the moment the ability to make war; and certainly Western Europe, which is still recovering from the devastation of the last war, cannot do so. It is true that developments in airplanes and the atomic bomb have changed the picture, and that to a certain extent distances have been shortened; but even so I think we would be most unwise to try to attack Russia. Among their 19,000 aircraft the Russians have long-distance bombers, and we are told that they now have the atomic bomb. But we are not throwing in the sponge because they have these weapons, and I am sure that the Russians are not throwing in the sponge because we have them. Just as we are preparing for the possibility that these weapons may be used against us, it is reasonable to assume that the Soviet Union is taking the same precautions. History shows that Russia is safe in her boundaries, and if the only armament consisted of a shotgun to shoot ducks, distance would prevent any aggressor from going far. History shows that you simply cannot penetrate a land mass like that of Russia. So why these three million men under arms, and why all this armament? I can guess just as well as the leader of the opposition or anybody else, but in using ordinary intelligence I think it is fair to assume that the primary reason for these things, and for Radio Moscow daily telling the people of Russia and her satellites that they are in danger of aggression from capitalist America, is founded on the fact that the Soviet leaders today are more frightened of the people of Russia than they are of the people of the United States.

**Some Hon. Senators:** Hear, hear.

**Hon. Mr. Robertson:** I know nothing in particular about Russia, because even ordinary sources of information have long been closed to us. There is an iron curtain around their country which is almost impenetrable. But, as I say, I think the real danger to them is more likely to arise from the constantly increasing difficulty of a relatively small

group in endeavouring to continue to impose their will on a much larger number. This is true of the countries of Eastern Europe which Russia has occupied. Relatively small, compact, highly-organized groups, which are frequently purged of those who fail to follow blindly, are in complete control. Apparently this is so in Soviet Russia itself. Out of 200 million people in Soviet Russia, the corps of the communistic party is said to be only five million, but they have had complete control for a long time, and may still have it today. How long they can hold control no one can predict; but it is fair to assume that as time goes on and Russian standards of living and intellectual development rise, the problems of the Soviet Union leaders will become increasingly difficult. Therefore these wars and rumours of wars, as far as Russia is concerned, are more for her own people's consumption than they are for the rest of the world. A friend of mine told me the other day that he had listened to a man and a woman broadcast from Russia in English. He said that the hour-long broadcast was concentrated on one subject alone—the danger to Russia and her satellites of the imperialistic ambitions of the United States and the western world.

Honourable senators, I must repeat that I give the leaders of the Soviet Union credit for having more intelligence than to believe that the western world is preparing to wage an aggressive war. The Russians must know something. They may despise our democratic system, but surely they realize how remote is the danger to them of aggression by the western world. You may say: "Here is this great country of Russia. Why do they not want peace?" Well, I do not think the Russian leaders can afford to have peace. The minute they reduce their armies or their armaments to a size that would ordinarily be required for police purposes, the minds of the people would concentrate on conditions at home. There is nothing new at all to such tactics. They have been the age-long method of dictators. They take different forms, but basically they are always the same. Anyone who believes for a moment that this situation is likely to end today or tomorrow or the day after is building on a very shallow foundation. Russia, in her present position in the centre of her land mass and surrounded by her satellites, can provoke many incidents, perhaps without a Russian soldier being involved, and the rest of the world will have to either accept this situation or oppose it. To oppose it, even in the relatively small way of the men now fighting under the United Nations flag in Korea, will tax the abilities and the faculties of the western world for a

long time to come. I do not believe the Soviet leaders can afford to dispense with wars or rumours of wars.

My honourable friend has said that he does not agree with the Prime Minister and the leader of the opposition in the other house that there will not be an all-out war. But no man can predict that will happen when a tremendous number of men are under arms and equipped with airplanes and tanks, and everybody is on edge. No one can predict that the leaders of the Soviet Union, having large forces at their command and faced with the alternatives of losing their heads or declaring all-out war, might not choose war. These are dangers, I admit, but I should hope that they are not immediate. However, there is no doubt that the United States, Canada, and the countries of Western Europe will have to face very serious difficulties in making adequate defence preparations. I suppose that these are the countries upon whom rests the primary responsibility for repelling aggression. The South American nations, India and the rest of the free world, though on our side, will probably have enough to do for the time being in taking care of their own peoples.

We in the countries upon whom falls the primary responsibility for the preservation of our way of life will have to be prepared for staggering financial demands for immediate defence, but at the same time it behoves us to see that the standards of living in our respective countries are not so reduced as to make our people vulnerable to communist propaganda, which is one of Russia's strongest weapons. Our allies in western Europe are just beginning to recover from the effects of the last war, and the production of their factories is gradually increasing. In the United Kingdom rationing of some goods has been discontinued and the quantities of others available for purchase have been slightly increased; but now the people there are asked to provide an undetermined amount to meet war expenditures for the present, and possibly for a long time to come. Even if there should be no total war, the fact is that the peculiar period in which we are now living is going to bring about demands that will severely tax the abilities of ourselves and our allies.

Looked at in the light of these circumstances it seems to me that the resolution of my honourable friend from Waterloo (Hon. Mr. Euler), which the Senate passed last session, calling for an inquiry into the possibility of some form of federal union of the democracies, is of great importance. There must be international co-operation, for to provide the necessary defence and at the

same time maintain existing standards of living is a task that will challenge as never before the constructive abilities of all nations that are, so to speak, in the same boat together. It is not enough to say that tremendous obstacles are facing us. We must not lose sight of what is at stake. We are up against a ruthless and determined power which by force of circumstances is at the moment dominating 700 million people in the other hemisphere. Perhaps the Senate did not realize how well-timed that resolution was. What will be done to give effect to it I do not know. Obviously the difficulties encountered in any attempt to integrate the armed forces and the economies of a considerable number of nations would be staggering. At present it is proposed that Canada should provide certain forces to be used in Korea or wherever else the United Nations may deem it necessary to use them. Imagine the practical problems that would arise if, over a long period, soldiers from the United States, Canada, France, Britain and perhaps eight or ten other countries were being trained together. The rates of pay for the different nationals would vary greatly, possibly in the ratio of \$5 to 50 cents, and it is not difficult to picture serious complications from this fact alone. Yet I believe that in passing the resolution and suggesting that the logic of events might make it necessary to bring about some form of union of the democracies in order to save civilization, we builded better than we knew. For my part I hope that the resolution will be effective. What it proposed cannot be brought about in a moment. In ordinary times it might require generations, but things can happen quickly when there is at the gates an enemy such as now faces the western world.

Honourable senators, I do not think that I can add much to what has been said. I see the point of the leader opposite as to the need for specific information about our armed forces and international policy, but adequate answers might best be elicited in committee when the Appropriation Bill is before us. If honourable members wish to refer that bill to committee, I feel sure that the two ministers most directly concerned would be glad to attend and answer any questions.

**Hon. Thomas H. Wood:** Honourable senators, may I join with those who have previously spoken in extending my sincere congratulations to the mover (Hon. Mr. Dupuis) and the seconder (Hon. Mr. Barbour) of the Address? Both made splendid speeches.

Every member of this house was, I am sure, deeply shocked and regretful on hearing of the passing of William Lyon Mackenzie King.

So much has been said about him in the press and elsewhere that I can add little, except to say that we have lost a wise counsellor whose good judgment and sound advice brought us through difficult times and would be invaluable now.

The two speakers who preceded me today have not had a great deal to say about the matter that I propose to deal with at the outset. This session was called for the purpose of discussing the Korean situation and the railway problem. I should like to speak first of the latter, because of its effect upon the western and eastern provinces. I am afraid that what I have to say may not be popular in central Canada. I know that most Canadians, even some of the railway workers, were incensed that a small group of citizens, through their leaders, should paralyse the country's economy and disorganize the essential and vital business of Canada from coast to coast, thereby causing untold anxiety and distress, and all this when nerves were strained almost to breaking point with the problems of defence and aid to other nations. For it is a known fact that to keep up a nervous tension in all walks of life has been one of the chief instruments of a dictatorship policy.

When war is being waged, as it now is in Korea, railway lines and communications are bombed and disrupted, with great risk and loss of life to those who must accomplish the task. But this is not so of these leaders of a small group. They can accomplish the same result without physical harm to themselves, knowing that the people of Canada have no choice but to allow them protection. For my part, I have always believed in collective bargaining and compromise, but not one-sided compromise. If, as representatives of the people, we do not pass legislation to make impossible in time of crisis the recurrence of a situation similar to the one in which Canada was placed by a small group, we shall deserve the censure that we certainly shall receive—and in fact have received.

Most people I have talked to feel that the railway employees have a minimum of grievances.

An article appearing recently in a railway unions newspaper mentioned the fact that since 1939 increases in railway wages were less by 25 points than in other industries; but what I think was omitted from this article was the fact that employees in other industries during the depression had their wages cut all the way from 20 per cent to 50 per cent, while the railways maintained much the same wage scale as that prevailing in 1928 and 1929.

The members of this house know that during the thirties the government loaned \$60 million to the Canadian Pacific Railway to keep its workers on the payroll and guarantee them a high rate of pay. During approximately this same period young men on the farms were guaranteed \$5 a month. Even up until five or six years ago the average farmer was receiving an income of less than \$1,000 a year and during the depression years it was less than \$400 a year. Now that he has a chance to improve his financial position he must meet increased freight rates and a higher cost of machinery. Similar conditions must be faced by the white-collar worker, by those on pensions and annuities and by widows with small incomes, all of whom are in no position to strike when the whim seizes them.

To return to the situation facing the wheat, fruit and dairy farmers, no forty-hour week is possible for them if their products are to reach the Canadian table daily, fresh and wholesome. These men produce by working long hours, seven days a week, often with the help of their families and with no guarantee of financial return. As may be seen, there are many hazards of weather and of the human element between the sowing of the crops and their reaping. Further, the men who grow the grain and raise the cattle for market are greater in number than the railway workers; and these producers are the railways' best customers and they are responsible for a large portion of the railways' income.

In Winnipeg recently I talked with a man whose twenty-year-old son gets \$275 per month as an engine-wiper and will shortly get a job as a fireman at \$325. Even the boy's father felt that was too high a salary for a twenty-year-old lad. In this connection I ask for the permission of the house to quote from a Regina paper a statement given to the press by the union leaders of that city. It is as follows:

The striking unions' central committee made a statement Friday morning protesting against the "myth" that railway workers are highly paid. Members said that occasionally workers do get large cheques, but this comes after long hours of overtime. They said the hourly wage scale for railway employees ranges from 86 cents to \$1.22, while monthly rates range from \$123 to \$348.

The article continues with the following statement, which I wish to emphasize.

"No doubt our modest income will appear large to some people who are receiving lower incomes. There is a tendency to be envious of the position of railroaders, but it must never be forgotten that the incomes we have attained have been the result of long years of organization and struggle," they explained.

By this statement the union leaders admit that the railway workers are receiving much higher salaries than other classes of workers; and they show a lack of interest for those with smaller incomes who, by the way, pay a substantial part of the larger incomes received by the railway workers. There is no mysterious way by which these high pay cheques are produced; they come out of the pockets of all Canadians, especially modest wage earners and farm workers. There are some workers on the railway, such as track maintenance men and freight handlers, who are not receiving the pay they should receive; others are getting salaries out of proportion to other workers.

Another important point which I must mention is that some of the railway workers did not want to strike. The use of the secret ballot should, therefore, be made compulsory instead of the ballot used before this strike, which required a voter to sign his name, specify his job and his place of residence. Surely this is not a democratic way of voting.

As to the demand for higher pay, I would point out that the men in the ranks during the last war, and those who are now on their way to Korea, are working for as low as \$3 a day, and for them there is no forty-hour week.

The demands of the military services will deplete the ranks of the workers. How are we to produce arms and equipment for the use of our fighting men, for your sons and mine? The urgent need is that all work longer hours for greater, not less, production; that during the next few years we all have less ease and comfort, not more.

**Hon. Mr. Horner:** Hear, hear.

**Hon. Mr. Wood:** The recent strike took place at a time when the fate of the railways was already hanging in the balance. On a recent motor trip to the coast we passed a moving van taking furniture from Regina to Vancouver, and on every highway we saw trucks, each of which was taking seven motor cars from Detroit to Seattle. Oil will soon flow by pipe-line and water transport from Alberta to the Atlantic coast, with a resultant loss of revenue to the railways of about \$50 million. This condition, I understand, is due to the inability of the railways to compete in the matter of rates. If the railway rates continue to go up the time may not be far off when the people of Canada will find other means of transportation. The trans-Canada highway is making rapid strides towards completion in Western Canada. It is already evident that the trains in the West are carrying fewer passengers than they did formerly, though hotels and motor camps are as full as

they ever were. After the boost in pay which the railway workers were granted some time ago, many small stations were obliged to close. The same thing will happen again if the railways are forced to increase their cost of operation.

When the time comes that the Canadian people find a cheaper means of transporting their durable goods from east to west, make no mistake about it, the burden of operating the railways will then fall upon the producers of cattle, wheat, fruit and other raw products, who have no choice of transportation. I talked to one man in Regina who before the strike sent a carload of material into Winnipeg every day by railway freight and who when the strike came was forced to call in a trucking company. He found that by truck he could ship 19 per cent cheaper with one day faster delivery than by rail.

In central Canada at the present time the railways have not been able to raise their rates because of the likelihood that they would lose their best paying traffic to motor, water and other forms of transportation. How can the railways operate profitably on the only traffic left to them, that of the wheat grower and the cattle producer, except by raising the rates on these commodities? The urgent need today is for railway leaders who are men with a sound knowledge of economics.

As for the Korean situation, I was very pleased to see in the press that the Honourable Brooke Claxton does not propose sending our specially-trained airborne brigade group to Korea, because they have been trained for the special purpose of defending this country. In Exercise Sweetbriar they received special training in Arctic conditions. I most heartily agree with Mr. Claxton and members of the government on their stand in connection with this airborne brigade. While on the West Coast we have anti-aircraft defence and radar, and fighting planes and similar equipment down the Alaskan Highway and at Churchill, I do not think anyone would suggest in this house that we are properly protected from an invasion by air throughout northwestern Canada and the West Coast. It would seem very unlikely to me that the Russians, if they decided to invade this continent, would try to make a landing on the West Coast or the far northern shores. If all reports in the papers are correct, Russia has some 5,000 aircraft, 3,000 of which are bombers and transport planes. Let us not forget that Hitler did not make a frontal attack in France against the Maginot Line. Behind the defence line in Western Canada would be the prairies. We should keep in mind that the distance from the Behring Straits to Edmonton and Calgary—

and perhaps we might even include Saskatoon—is little if at all greater than the distance between Newfoundland and Great Britain.

For our security I would suggest that the government consider using part of our air force as a defence measure in all the cities in Western Canada, and that in Regina it build a large enough air strip to accommodate bombing and large transport planes. The facilities in Regina at the present time do not make provision for this accommodation.

**Some Hon. Senators:** Hear, hear.

**Hon. J. W. de B. Farris:** Honourable senators, I intend to ask permission to adjourn the debate, but before doing so I should like to make a few random remarks. If someone wishes to continue the debate now I shall gladly give way.

**Some Hon. Senators:** Proceed.

**Hon. Mr. Farris:** I was greatly interested in the speech just delivered by the honourable leader opposite (Hon. Mr. Haig). I agree with many things he said. I agree with him more than I do with either Mr. St. Laurent or the leader in this house about some of our immediate problems, but I want to make a few observations about points on which I do not agree with the leader opposite. He spoke of the high cost of living, and when I asked him what his remedy was he had an answer all pat; he said, "I don't have to answer". Then my honourable friend proceeded to indicate that he made a mistake one time in the Manitoba Legislature by telling the government what they should do. He knew, and they did not. They took his advice and the province was saved a million dollars. I gather that if he had to do it over again he would not make that mistake, because while it saved the province a million dollars the government got the credit for what was done. In the greatest crisis which now confronts us in regard to the cost of living, my honourable friends either knows what the remedy is or he does not know. If he does not know, there is no reason he should not be frank about it and say so; but if he does know, in light of all the suffering in this country and all the economic problems that are arising, I challenge my honourable friend's statement that he does not have to answer. To do so is a duty that transcends any obligation that he owes to his party. It is a duty and primary obligation to the people of all Canada.

A similar situation arises in connection with our immediate international problems and the grave conditions that he described. Again he said, "I am under no responsibility. It is up to the government." I point out to my honourable friend that as leader of the opposi-

tion he is paid by the Parliament of Canada—perhaps not a very large sum—for the services which he renders so well and so competently. But apart from that my honourable friend is under the same responsibility that every one of us is under, and in view of all the threats that hang over us at this time, if he has even the slightest idea of the proper solution, he should proclaim it without the least hesitation at this time.

**Some Hon. Senators:** Hear, hear.

**Hon. Mr. Farris:** Honourable senators, I am not quite sure that I followed what the honourable leader of the government (Hon. Mr. Robertson) said about threats from Russia, because I was called out to answer a long distance telephone call. But I did hear what my honourable friend opposite (Hon. Mr. Haig) said, and I am in complete agreement with him. To me it is inconceivable that the two greatest nations of this world at this time should continue to spend more than they can afford and exhaust their resources to such a degree as to threaten the standard of life in order to arm themselves to the teeth. That they should continue in this policy and that at the same time the leaders of each country should openly call the leaders of the other every name they can lay their tongues to in fighting language, and continue to stir up personal enmity in their people is, as I say, incomprehensible to me. I am sure we are all conscious of a growing personal hatred against the Russian people.

**Some Hon. Senators:** Hear, Hear.

**Hon. Mr. Farris:** We cannot help it. Do you not think that with all that is going on behind the iron curtain there is an equal personal hatred being built up against us among the 200 million people in that country? It is beyond my comprehension that two countries should continue to arm themselves, to hate each other and carry on to the point where ruination and bankruptcy is threatened, with an incident happening here today and there tomorrow, without eventually going to war. I am somewhat disturbed by the number of honourable gentlemen who hold the same view today. But they did not have that view soon enough. I do not like to say "I told you so", because I do not know of anything worse to say; but I remember that in a speech which I delivered at the Convention of Weekly Newspapermen in Harrison Hot Springs, at the Vancouver Board of Trade, at a Bar Convention at Bellingham, Washington, and later in the Senate, I said that the only security we had against Russia was the knowledge and possession of the atomic bomb. I also said it was very essential that we come to a proper understanding with Russia when

that country did not have the atomic bomb and we had the sole possession of it. After I delivered my speech in Vancouver I met a friend in front of the Vancouver Club, and he said to me, "I enjoyed your speech yesterday". I replied—if I may be pardoned the language, Mr. Speaker—"Hell! I didn't want you to enjoy that speech. It was made to scare you." But it evidently did not scare anybody. Nobody paid any attention to me, so I quit making speeches of that kind. I believed then, as I believe now, that every day terrible events are being shaped in definite form.

Why, I read in the papers only this morning that a Russian plane carrying a Russian officer was shot down in Korea. It seems to me that the inevitable becomes more obvious all the time, and that the sooner we realize how awful are the conditions threatening our civilization the better it will be for us.

Honourable senators, I move the adjournment of the debate.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

## THE SENATE

Wednesday, September 6, 1950

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

### SPEECH FROM THE THRONE

#### ADDRESS IN REPLY

The Senate resumed from yesterday, consideration of His Excellency the Governor General's speech at the opening of the session and the motion of Hon. Mr. Dupuis for an Address in reply thereto.

**Hon. J. W. de B. Farris:** Honourable senators, after I returned to the hotel yesterday I gave some further thought to what my honourable friend the leader opposite (Hon. Mr. Haig) had said earlier in the afternoon in reply to my question. The reply which my honourable friend made reminded me of a story that I had heard.

**Hon. Mr. Haig:** I thought so.

**Hon. Mr. Farris:** I told it to some of my honourable colleagues last evening, and they said that I should tell it to the house.

**Some Hon. Senator:** Go ahead.

**Hon. Mr. Farris:** The reply which the leader opposite gave to my question left the complete implication that he knew the answer.

**Hon. Mr. Haig:** No, no! On a point of order, I protest that I never said that.

**Hon. Mr. Farris:** The honourable gentleman did not say it, but that was the implication.

**Hon. Mr. Haig:** Mr. Speaker, I rise on a point of privilege. If the gentleman will quote my remarks in *Hansard* I will accept that, but not otherwise.

**Hon. Mr. Farris:** Honourable senators, I dealt with this matter yesterday. I say that the implication which I drew from my friend's answer—

**Hon. Mr. Haig:** But my friend cannot give implications; he must go to *Hansard* and quote what I said.

**Hon. Mr. Farris:** I said that that was the implication I took from it.

**Hon. Mr. Haig:** You cannot do that. You cannot draw an implication unless you quote what you are referring to and then prove that it is a natural implication to draw.

**The Hon. the Speaker:** I would ask the honourable senator from Vancouver South

(Hon. Mr. Farris) to read over the words to which he is referring.

**Hon. Mr. Farris:** My friend did not challenge this last night when it was red hot. The reference is to be found in *Hansard*, in the second column of page 30. The honourable leader opposite said:

It is not as important, perhaps, as the Korean situation, but it is an every-day topic of conversation and is the anxious concern of every householder in this country. Yet the government offers no solution for this problem.

My friend was speaking about the high cost living. I then ventured the very simple question, "What do you suggest?" and my friend replied:

I expected that some distinguished gentleman would ask me that question. My reply is that that is one question which I do not have to answer, because I am not responsible for government policy.

Then I ventured the observation:

An answer might be very useful to the country.

My friend did not then say, "Well, I have no answer. I do not know". He had this to say:

I am not a supporter of government policy. The government got itself elected a year ago on a promise that it would do a good job, and so on. Now what is the government doing?

He went on to say what the government was doing, and then, as my honourable friend will recall, he said that he had once made a mistake in Manitoba when he told the government what to do, and the government as a result of taking his advice saved a million dollars for the province. I gathered the inference that he was not going to make that mistake again.

**Hon. Mr. Haig:** I did not say that.

**Hon. Mr. Farris:** No, but I think that is a fair inference.

**Hon. Mr. Haig:** No, you cannot draw that inference.

**Hon. Mr. Farris:** So I think that is sufficient grounds for me to tell a story.

**Hon. Mr. Haig:** I object. I happen to know the story, and I object to my honourable friend drawing any such inference from what I said.

**Hon. Mr. Farris:** I leave it to each honourable senator to form his own opinion about that.

**Hon. Mr. Haig:** No. You cannot make a speech on that.

**Hon. Mr. Beaubien:** Oh, yes he can.

**Hon. Mr. Haig:** You cannot impute to me a statement that I never made, and then tell a joke of which I would be the butt.

**Hon. Mr. Farris:** Either my honourable friend has a solution to the problem or he has not. I said this last night. If he does not have a solution, it would be very simple for him to say so.

**Hon. Mr. Haig:** I never said that.

**Hon. Mr. Farris:** No, of course you did not say that, so the only alternative is that you have a solution and are not going to give it.

**Hon. Mr. Haig:** I did not say that.

**Hon. Mr. Farris:** Hold on. To prove that this was the position of my honourable friend, I would point out that he said something to the effect that he had been in this position once before in Manitoba and was foolish enough to tell the government what it should do, and that his advice saved the province a million dollars. Now he says "I am not going to do that again". All I wish to say is that one of these two situations must be the true one.

**Hon. Mr. Haig:** You cannot do that. You tried to do it yesterday and failed. Now you are going to try to tell a story of which I am the butt. I do not think it is right.

**Hon. Mr. Beaubien:** Let us hear the story.

**Hon. Mr. Golding:** Yes, the story will not hurt.

**Hon. Mr. Haig:** I must object to the dignity of this house being abused in that way.

**The Hon. the Speaker:** Until I have heard the first words of the story I cannot judge it or stop the story from being told.

**Hon. Mr. Farris:** Honourable senators, one morning a professor of astronomy looked over the pupils in his classroom and, noticing that one boy was not very attentive, he said to him, "Mr. Jones, can you tell me what causes the aurora borealis?" The young man rose, scratched his head, and replied "Well, Professor, I did know the answer to that question, but I have forgotten it". Then the professor made this comment: "What a tragedy! The only man in the world who knew what causes the aurora borealis has forgotten it".

**Some Hon. Senators:** Oh, oh.

**Hon. Mr. Farris:** Now, if my honourable friend opposite does know the answer to this other question—I put it hypothetically; I do not say that he does know—if he does know the answer, it is a great tragedy for this country that he will not tell us what the answer is.

I am sure that the story I told is a harmless one, and my honourable friend sees now

that he was needlessly alarmed. I do not know what story he thought I was going to tell.

**An Hon. Senator:** Let him tell it.

**Hon. Mr. Farris:** Honourable senators, I will say no more on the subject of the high cost of living or on the Korean situation. These matters are of very grave importance to this country, but I feel that there are others here who can speak on them with more authority and better than I. Besides, the questions are so comprehensive that there really is not time in one speech to discuss them thoroughly.

So I propose to ask honourable senators to consider with me some of the problems having to do with that other matter which parliament was assembled to deal with, namely, the recent railway strike. On my notes I have indicated that a number of congratulations should be extended. The first of these, of course, should go to the mover (Hon. Mr. Dupuis) and the seconder (Hon. Mr. Barbour) of the Address in reply to the speech from the Throne. I have not yet had a chance to read the translation into English of the mover's speech, but I agree with other English-speaking senators who have expressed the utmost confidence that that speech will be of the high standard which always characterizes the remarks of the honourable senator from Rigaud in this house. The seconder, my honourable friend from Prince Edward Island, spoke in homely fashion. I use that term in its best and proper sense. His was the speech of a man from a province whose inhabitants probably enjoy life more than any other people in the world. And they do that, not by trying to find reasons for working less, but by honest tillage of the soil and other productive work. Their inspiration, satisfaction and other rewards come from work well done.

The parliament of Canada is to be congratulated upon the prompt and effective action that it took to stop the strike. The government also is to be congratulated, because of its display of good sense and the firm moderation with which it gave a lead to the members of parliament. And, finally, the opposition leaders are to be congratulated upon their co-operation in expediting proceedings dealing with the strike. So far as I know, the speed with which the legislation was passed and the strike brought to an end established a parliamentary record. I am sure that the action taken in the first two days of this session has raised the respect of the people for the Canadian parliament.

**Some Hon. Senators:** Hear, hear.

**Hon. Mr. Farris:** The men who were identified with the strike are to be congratulated for

two things: first, their immediate response to the law, and second, the facility with which they saw to it that work was resumed when the statute was passed. In all fairness, I think I may say also that they are to be congratulated on the fact that this legislation was passed.

**Hon. Mr. Beaubien:** Hear, hear.

**Hon. Mr. Farris:** The leaders of the strike movement should be very grateful to the government and to parliament for terminating the strike as promptly as possible. It is difficult to imagine, honourable senators, the damage that would have been caused to industry and the demoralizing effect on international affairs, had the strike been allowed to continue until it was settled in some way between the railways and the men. The responsibility for such a result would have fallen upon the union leaders in a way which would have caused most serious repercussions against them. I say, therefore, that the leaders have every reason to be thankful that their responsibility did not extend to the further harm which might have been done.

The Prime Minister stated that parliament was called on to deal with an immediate problem. That immediate problem was what he termed a detour. Every man knows that a detour is a temporary expedient to keep traffic moving until such time as a permanent structure is erected. It very often happens that when a bridge is made impassable by a washout, a detour is created and used until such a time as a permanent structure takes its place. So far as the detour is concerned, there is nothing I wish to discuss further. It is a *fait accompli*, and I do not think it appropriate that any further discussion should take place on that question at this time.

I do feel, however, that it is proper that we in the Senate of Canada should give thought to the morrow and the setting up of some kind of permanent structure to provide for the protection of three groups, namely, industry, labour and the public. What has happened indicates that a proper structure for that purpose does not exist at the present time. Everybody agrees that we have had a strike which, had it been allowed to continue and had parliament not been assembled in an emergency session, would have had a disastrous effect on this country. I believe that most of us thought, as we did before the war of 1914-18, that this could not happen here; in other words, we thought that what did happen could never happen to us.

Honourable senators, as the basis for discussing this issue at the present time, I call your attention to certain important considerations as a warning for the future, and also as justification for this Senate, even at a time

when other shadows hang over us, taking time out to consider a permanent structure for the future. I ask you to consider with me the thought that this strike was not the action of an irresponsible or an ignorant group of workers, action of incompetent or irresponsible labour leaders, or of desperate workers who were driven to desperate means by intolerable working conditions. None of those conditions existed. On the contrary, this strike followed a vote by a responsible group of law-abiding citizens who, as Mr. Hall has very correctly stated, had a fine record of loyalty and public spirit behind them. The strike was directed by two outstanding leaders of labour. Though I cannot say much about them from personal knowledge, from every indication they appear to be able and experienced leaders. In those circumstances, then, it is my opinion, as the basis of further discussion, that this strike, at the time it was called and under the conditions, existing was not justifiable.

**Hon. Mr. Duff:** Hear, hear.

**Hon. Mr. Farris:** I do not for one minute say that the men did not have justifiable grievances, or that they were not entitled to press their claims. But I so say that when the strike was called they did not have grievances which justified a strike then and there against the people of Canada. A strike against an employer only is one thing, but a strike against the public is another thing. If in this day of integrated industry, such action can be divorced from its effect on the public and become a contest between employer and employee, that is an entirely different matter. I can see no possible objection to turning the employee and employer loose in an arena and letting them fight it out, and may the best man win. But, as I say, it is a very different thing when the immediate effect of the strike is against the nation, particularly in a time of war peril such as we are now experiencing.

Honourable senators, I have this proposition to submit to you. If in times like these, sensible men, under responsible leadership, can bring about a strike which is not justified in its effect against the people, there is no assurance that it will not happen again. In my humble opinion, honourable senators, now, when this question is fresh in the minds of everybody, is the proper time to give thought for the future, and I submit that the senate is the proper place to discuss the matter. In the first place, the Senate is the one house of the two houses of parliament that is free to discuss these questions on their merit. Honourable senators do not have to face a possible election or other such embarrassments which may influence members of the House of Commons.

If the honourable leader opposite does not object, I will tell a story which, in this

instance, has no relation to him. When I first became a member of the Senate I wrote a letter to my old friend the late Ian Mackenzie, criticizing some action he had taken regarding labour matters. Taking the liberty of friendship, I wrote him with the consciousness I suppose, that I was a new senator. In that letter I laid down the things that I thought ought to be done, and I received the following reply: "Your letter most interesting. Please remember you are in the Senate and I am in the House of Commons". The point is obvious. He was not disagreeing with all, or perhaps with anything, I said, but he was conscious of the limitations upon a minister in the House of Commons. We have often been told that one of the principal reasons why the Senate was set up was to protect minorities. I would submit to you, gentlemen, that the Senate also exists for the protection of majorities against the power of minorities.

**Some Hon. Senators:** Hear, hear.

**Hon. Mr. Farris:** I think that is one of the great duties we have. I have talked to many of my friends about speaking on this question, and they have said to me "Why not let sleeping dogs lie?" That may be the part of wisdom, but I am not at all sure that it is the part of duty at this time. I feel that a sense of obligation rests upon us, to state frankly, and without fear or hesitation, our views on this question. I am not suggesting that this session is the time to legislate. I fully appreciate the fact that legislation ahead of public opinion is harmful, not beneficial. We have all seen evidence of that in the matter of prohibition. I do not think there is any doubt in the world that prohibition effectively and completely enforced would be a good thing; but I happened to be an attorney-general at a time when the people were all in favour of enforcing it against somebody else, but equally in favour of trying to get a drink for themselves. I know how impossible it was to make it work. I once said that if there was ever another plebiscite on prohibition in British Columbia, the people should be asked: "(1) Are you in favour of prohibition? (2) Will you pledge yourself individually to abide by the law if it is passed?" If the plebiscite were based on those questions there would be no danger of the prohibition vote ever carrying.

So I am not now discussing this question with the idea of having a law introduced immediately for action at this session of parliament; but I believe that now is the time to start thoughtful consideration of what must sooner or later be done in this country. We must see to it that the public are properly educated and, in due course, arrive at a

proper conclusion. My honourable friend, the leader opposite, (Hon. Mr. Haig) said yesterday that he thought it well at this time to leave this question alone. There are reasons why that may be so; but my judgment leads me to overrule that objection and come to a contrary conclusion: I have stated that the warning for the future comes from what has happened in the past—a group of respected men in the community, led by responsible leaders, going out on what I think was an unjustifiable strike.

I am going to ask honourable senators to give me their consideration while I enumerate the reasons why I think the strike was not justified; not why the claims of the railway workers should not have been made, but why the drastic action of a strike should not have been taken when it was.

There were two points directly at issue. The first was a demand for an increase in wages of 7 cents an hour. There was one group that wanted an increase of 10 cents an hour, but I shall confine myself mostly to discussing the 7 cents an hour increase. The second essential point at issue was the demand that after the 7 cents an hour increase had been granted, the working hours of the men should be reduced from 48 hours a week to 40 hours a week, with 48 hours pay.

In this connection there has been a lot said about the high cost of living, which is something everybody knows exists. I want to stress, however, that there would have been no controversy if the men had confined themselves to the need of increased wages in order to meet the present high cost of living. This is a very important point, because the two questions are so interwoven in the arguments that you cannot tell when one is being talked about and when the other. I read in this morning's edition of the *Toronto Globe and Mail* that the operative branch of the railways is now conferring with the railway officials, demanding a very substantial increase in wages without any reduction in hours of work. I say that if those men who went on strike had been concerned only with an increase of 7 cents an hour, they would have got it and there would have been no controversy and no strike. The record is clear as to that. It equally follows that if wage increases alone had been considered there would have been no controversy. The railroads would have granted them at once.

Confined to the wage issue, the question of the high cost of living does not appear at all. If the 40-hour week has any relation to the high cost of living it would work the other way around. We had a lesson in what the honourable gentleman from Prince (Hon.

Mr. Barbour) and the honourable gentleman from Regina (Hon. Mr. Wood) said recently in this chamber about the high cost of living. They said that the number of working hours have no relation to this question of the high cost of living, unless it be that the more hours you work the quicker you eliminate the problem.

It is my understanding that a 48-hour week has been in existence for a long time, and as far as I know there has never been a shorter working week. There is no doubt that relief would have been granted at once had the men proved that in addition to the wage increase they must have a reduction in hours, because under present working conditions they cannot preserve their health while putting in a 48-hour week. But I have never heard of a suggestion of that kind. Naturally a 40-hour week would be most desirable if you could get it on the basis of being paid for 48 hours; but I suggest that there is no condition of desperation, oppression or threat to the health of the men to make it mandatory at this critical time for them to demand and receive a 40-hour week. I say that that is not in the picture, and in my submission such a claim at the present time does not justify the imposition of the tremendous increase in cost that would fall upon the railways. I understand that the increase in wages would amount to \$80 million a year. I understand that the Department of Labour has made a computation which shows the amount to be not much less than that.

Now, we are not unaware of the facts. The revenues and expenditures of the railways have been given in evidence before the Transport Board, and we know that the companies are not making money on their operations at the present time. It is common knowledge that every dollar of increased cost imposed upon them as a result of concessions made in this dispute must come out of the people in the form of higher freight rates. In this connection it is well to bear in mind the thoughtful and accurate remarks made yesterday by my honourable friend from Regina (Hon. Mr. Wood). It is really possible to kill the goose that lays the golden egg. There is a very serious danger now facing both railway companies and the people—for the people have a heavy investment in one of the roads—it is the possible inability of the companies to meet the threat to their existence from other forms of transportation. It may very well be that farmers on the prairies as well as other producers will find it impossible to pay the increased freight rates resulting from the concessions forced upon the railways, and that consequential curtailment of railway operations might end in the concessions reacting

against the men themselves. I say, honourable senators, that the men would not have needed to strike in support of their demand for increased wages if that demand had not been associated with one for a shorter working week. That concludes what I have to say on the first reason why the strike was not justified.

The second reason is that the decision to strike was a repudiation of the conciliation board's findings. Mr. Hall appeared before the boards as representative of most of the unions concerned. The chairman of both boards was Mr. Justice Wilson of the Supreme Court of British Columbia, and in the report he made on one case he was supported by another member of that board, Mr. Isaac Pitblado. A minority report was made by the third member, a lawyer—no doubt a man of distinction—whom I do not know. I do know Mr. Justice Wilson and Mr. Isaac Pitblado. Mr. Justice Wilson is regarded as one of the most brilliant men who have ever sat on our Supreme Court in British Columbia. He is not a product of what is commonly called the capitalist group. The son of a lawyer who became a county court judge, he grew up in the atmosphere of a small railway town in the interior of the province. After practising law for some years he himself was also appointed to the County Court Bench, and so outstanding was his work there that the federal government took the unusual course of promoting him to the Supreme Court. From my knowledge of him I am sure that as Chairman of the conciliation board he dealt honestly, impartially and in a spirit of fairness with all the matters brought before him. This would be the opinion of everyone who knows him. I have already named one of the other members of the board, that noble old gentleman Isaac Pitblado. It is true that he is counsel for the Canadian Pacific Railway, but I cannot conceive that anyone of his wide experience, honesty and fairness would ever put his name to a report that he did not conscientiously believe to be right and fair to the men as well as to the companies.

**Hon. Mr. Moraud:** Hear, hear.

**Hon. Mr. Farris:** Mr. Justice Wilson was also Chairman of the other conciliation board, in whose majority report he was supported by Mr. Meighen. I have not met Mr. Meighen, but many of us here had the great privilege of knowing his father when he was leader of the opposition in this house. The majority report of both boards was in favour of an increase in wages of about 6 per cent and a 44-hour week.

So little reference has been made to what Mr. Justice Wilson said in both boards' report

that I think it would be well to call attention to a paragraph or two. I will read first from page 17 of the printed report, where, after a careful analysis of the wages question, he says this:

In making these comparisons it must be remembered that the incidental advantages enjoyed by railworkers are generally greater than those granted to other Canadian workers. Records show that the continuity of employment in the railroad industry is relatively high, which must have the effect of increasing average annual earnings. The employees have the benefit of pension plans. They and their families are entitled to a considerable measure of free transportation. Certain employees are given free housing and other free uniforms. In the aggregate these factors add considerably to the advantage of railway employment.

He then refers to wages paid to other groups of workers, and at the bottom of page 17 makes this comment:

Consideration of the wages earned by these, the largest groups of Canadian workers, convinces this board that the proposals of the railworkers are unreasonable. To accept them must result in giving an unmerited preference to rail workers over all other Canadian workers. The continuance of such an advantage would be unfair to other workers. The inevitable result of such a great increase in rail wage scales must be attempts by other groups to achieve new standards. The disparities to be corrected would be so great that their rectification would result in an entirely new wage scale for the whole country.

I have not had the time or opportunity to study all the evidence presented before the boards, but I must say that I am greatly impressed by these remarks by a man whom I know to be as fair and competent as is Mr. Justice Wilson.

He then takes up the question of hours of work and compares conditions in Canada with those in the United States. I will not read his findings under this head, but will simply indicate that they may be found at page 23 of the report.

**Hon. Mr. Haig:** Is the honourable gentleman able to give me, for my own information, a comparison between the United States and Canada as to hours of work? That became an issue in my part of the country.

**Hon. Mr. Farris:** I do not wish to take up time by reading the comparative figures. They are given on page 23 of the report.

**Hon. Mr. Haig:** Thank you.

**Hon. Mr. Farris:** Mr. Justice Wilson discusses them at some length. Undoubtedly in the United States the hours of work are more favourable to the men than in Canada.

**Hon. Mr. Haig:** That is what I wanted to know.

**Hon. Mr. Farris:** I come then to the part which I want to read, and which is important in the light of what Mr. Hall and Mr. Mosher

said in their broadcasts and in the strike ballot. Mr. Justice Wilson, at the bottom of page 24 of the report, said this:

The 40-hour week is not in Canada, as it is in the United States, the normal work week.

That point should be kept in mind, honourable senators, because the impression has gone out that the railway men were striking for the normal work week in the majority of industries in Canada. Mr. Justice Wilson and Mr. Isaac Pitblado may be wrong in their conclusions, but I do not think they are wrong in their findings of fact on the evidence before them.

The report continues:

On the contrary, the evidence before the board indicates that the 40-hour week is very rare in Canadian industry.

*Man Hours and Hourly Earnings* for December, 1949 (already referred to) shows that out of some 71 listings, which include both groups of industries and separate industries, there are only three industries in which the work week is 40 hours or less. These are automobile manufacturing (40 hours), shoe manufacturing (39.3), and highway construction (38.9). The number of workers in these three industries constitutes a very small proportion of the total number of Canadian workers.

The board has not the facilities for working out, from the figures quoted, the weighted average of weekly work hours for all Canada, but a superficial examination of the figures indicates that the average work week is much nearer to 44 than to 40 hours, and that a large number of Canadians work over 44 hours per week.

Mr. Justice Wilson goes on to point out that,

The inherent nature of the railroad industry makes the institution of a shortened work week more difficult and expensive than it is in most other industries.

As a conclusion, he says:

The board thinks that a fair solution of the problem before it is the institution of a forty-four hour work week on Canadian railways for non-operating employees, except those engaged in water transport and those hotel employees who are included in the terms of reference to this board, on the plan herein-after set forth.

So, honourable senators, as far as the issue regarding wages was concerned, the companies were prepared to meet the demands in full. On the question of reduction of hours of work, this board, after examining all the circumstances and with a full appreciation of the problems the railways were up against, gave a full report as I have indicated. My honourable friend from Regina (Hon. Mr. Wood) described yesterday not only the problem of the railways and the shippers, but the danger threatening the workers themselves—that they might kill the goose that laid the golden egg. Those matters were all set forth in the report of the board.

**Hon. Mr. Bouffard:** May I ask my friend a question? Does the report state that the conciliation board was ready to give the full

wage increase asked for by the workers? I thought it was prepared to recommend six per cent, and not seven cents an hour.

**Hon. Mr. Farris:** That was the finding of the conciliation board; but it makes no difference what the conciliation board recommended—and if my honourable friend wishes it I can give him Mr. Mather's statement as to the fact that his company was prepared to pay even more than seven cents an hour, provided the working hours remained as they were.

**Hon. Mr. Bouffard:** I quite agree with that.

**Hon. Mr. Farris:** The reason I dealt with that phase of the matter in my opening remarks was that we have heard so much all over the country, and even in this chamber, about the problem of the high cost of living. Had the men been prepared to continue working the hours they were working, at this time when production is so necessary and everyone must do his utmost their demands for wages would have been met in full, and the question of the high cost of living would not have come into the consideration of this matter at all.

**Hon. Mr. Bouffard:** That is true.

**Hon. Mr. Farris:** Honourable senators, I have as the next item in my notes what Mr. Hall said about hours of labour, but I wish to defer that for the moment, because either the figures in his statement are wrong, his statement is inadequate, or Mr. Justice Wilson and Mr. Pitblado are wrong in their findings. In my opinion the board was not wrong in its findings. I will come to Mr. Hall's statement under the heading of remedies which I shall suggest.

My honourable friends will pardon me if I take a little time on this matter, because I am speaking from a brief which I prepared over the week-end. I hope that will not detract from my argument. Let me point out that I am not trying to be oratorical, nor am I attempting to persuade anybody. But I believe that the time has come for thoughtful consideration of all the facts, in order that out of this tragedy we may arrive at some sensible solution of the disputes between industry and labour without involving innocent third parties and damaging them to the utmost degree.

I am sticking to my text, honourable senators, in which I have set out eight reasons why I think the strike was not justified at the time and for the issues in the final analysis.

My next reason for saying the strike was unwarranted is that there never was a secret ballot on this question. The men had to sign their names, write their addresses, local union

and everything else on the ballot. The arguments of the unions were set forth right on the ballot, and if the worker voted contrary to that appeal he knew what the results might be. My submission is that the ballot contained inadequate information. I had in my notes the word "misinformation", but I struck it out because I did not want to make any improper allegation. I shall read what Mr. Hall said on the strike ballot, and I think it will explain why his view was different from that of Mr. Justice Wilson. The ballot contains this paragraph:

The evidence we presented as to the prevalence of a reduced work week in Canada was too voluminous to present here. However, we did show, based on the Department of Labour surveys, that the five-day week is the predominant practice in industry generally, with the trend continuing.

You will observe, honourable senators, that in other places Mr. Hall talks about the "five day forty-hour week", but when he makes a comparison in the foregoing paragraph he says nothing about forty hours. As I say, I have not had an opportunity to work out the details, but if that statement by Mr. Hall means a five-day forty-hour week, then Mr. Justice Wilson and Mr. Isaac Pitblado did not know what they were talking about. In any event, Mr. Hall chooses to confine his statement to the five-day week, not 40 hours. I say that is inadequate information to place on the ballot.

In the next place, I say that the calling of a strike at the eleventh hour was not justified, because the men had never voted on the issue on which the strike was called.

**Hon. Mr. Howard:** Hear, hear.

**Hon. Mr. Farris:** I have before me two ballots, one dated May 16, 1950, and the other dated June 12, 1950. The ballot under the latter date reads as follows:

This is a statement by Mr. Hall. It is not a statement by the Labour Department of what are the fair issues, it is an ex parte statement by the labour leaders. The ballot requires the members of the union to sign their names, give their addresses and occupations and so on. It reads:

The undersigned, having carefully read the foregoing statement, votes for . . . (or) against . . . a peaceful withdrawal from service unless the matter is satisfactorily disposed of and I hereby appoint the Organizations' officers constituting the Negotiating Committee as my attorneys in fact and authorize them to act accordingly. I understand that in the event of such withdrawal from service, it will be conducted in accordance with the laws of the respective organizations.

That was the authorization for a strike based on conditions as they existed last May and June, when the Board made a report in favour of a 6 per cent increase and a 44-hour week. At page 20 of the *Hansard* of the

House of Commons will be found the Hon. Mr. Gregg's statement of what were the final terms of the officers of the railway companies and the final demands of the men, and the latter were very far from the grounds which were submitted as authorizing this strike vote. At that time it was not a 6 per cent offer from the company but a 4 per cent wage increase.

**Hon. Mr. Bouffard:** Four cents.

**Hon. Mr. Farris:** Did I say five?

**Hon. Mr. Bouffard:** You said 4 per cent.

**Hon. Mr. Farris:** A wage increase of 4 cents per hour to become effective September 1, 1950, and a five-day forty-hour week, with pay for 48 hours, to become effective October 1, 1951. This is a complete surrender of the principle of a 40-hour week, as demanded by the men. These men for years have been working a 48-hour week, and there has been no suggestion that their health has been affected. This offer of a 40-hour week was not to take effect for another year, and there is the requirement of a three-year contract with an escalator clause of two-thirds a cent wage increase for each one point in the rise of the cost of living. Against this the men still demanded a five cent increase and a five-day forty-hour week with pay for 48 hours, to become effective September 1, 1951, and a two-year contract. And there was a controversy as to a delay of nine months before the matter became too arbitrarily imposed upon them. The railwaymen of Canada never had an opportunity to vote on that. The only thing this strike vote last May or June did was to get the men to sign a blank cheque to the effect that unless they got everything they wanted, or decided they ought to have, they would be authorized to strike. I say that is all wrong. It never justified a small group of men under two leaders—and without the members of the unions ever knowing anything about the terms—throwing this country into chaos.

In the next place, I submit that this strike was not justified because the issue had been narrowed down to such an extent that the principles the men had striven for were so completely acknowledged that I can conceive of nothing, except an undue sense of power and a consciousness of the might they had within them, that would explain how in these circumstances we were brought here to deal with an emergency created by the decision of this group.

In the next place, this strike was not justified by making Donald Gordon the scapegoat.

**Some Hon. Senators:** Hear, hear.

**Hon. Mr. Farris:** I have read the newspapers and looked everywhere to find out

just what the complaints are against him. It has been claimed that Mr. Gordon came right out in the first place and made a "final" offer. Nowhere have I been able to find that these men ever charged Donald Gordon with not acting in good faith. Nor can I find that he ever misstated the facts, or misled or double-crossed the men, or did anything except talk to them straight from the shoulder. I can understand some honourable senators saying "Well, we think if Gordon had only pussy-footed or soothed them down a little more they might have carried on".

**Hon. Mr. MacLennan:** Who said that?

**Hon. Mr. Farris:** I am saying that that might be argued. Do not think I am saying it.

It has been said that Mr. Gordon made a "final" offer when, in fact, it was not really a final offer. I have no doubt that Mr. Gordon's first offer was made conscientiously and honestly after he had received the full advice of his statisticians, and that he believed he was making the best offer the railroads could stand. When he made further concessions later he was only acting with the consciousness of the impending disaster and not because he felt that these concessions were justified. He was faced by two evils, the lesser one being to surrender more than the railroads could pay in order to avoid disaster. It has also been said that he was not conciliatory in his manner and told the men that if they went on strike they would be sorry. Well, I hope they are sorry.

He is also accused of having broken off negotiations. I have here a newspaper clipping of a statement by Mr. Mather, the president of the CPR. I do not suppose Mr. Mather has any inclination to hold a brief for the president of the company that is making it as tough as possible for the CPR; but I think his statement should be fully recorded in our *Hansard*. Here is what Mr. Mather had to say.

The statement attributed to Mr. M. J. Coldwell by press dispatches to the effect that Mr. Gordon had abruptly brought strike negotiations to an end is untrue and can only be attributable to a one-sided account of the negotiations given to Mr. Coldwell by representatives of the unions. Nothing was said by Mr. Gordon on that occasion or any other that was not the result of careful consideration by the railway representatives jointly in what was their common problem. The fact is that, at the conclusion of the meeting on (last) Saturday afternoon, an adjournment was taken until 7.30 Saturday night in order that both parties should have an opportunity of reconsidering their stand on a question of such great public importance.

Now, honourable senators, listen to this:

When the conference was resumed Saturday evening the representatives of the men again said that their position was unchanged and it was because of this stand that negotiations were discontinued.

Let us examine the matter a little more closely. What did the representatives of the men mean by saying afterwards that if the negotiations had continued a little longer a settlement might have been reached? Are they implying that the government would have "turned the heat" on Mr. Gordon and forced him to make further concessions than he thought should be made? They have no right to suggest any such thing. Mr. Gordon's action proves that once he had come to a final decision he could not be argued out of it. On the other hand, do they mean to imply that if Mr. Gordon had waited a little longer they might have changed their minds? The men can only mean one or other of these things. Do the union leaders want the public to believe they might have backed down a little from their demands if Mr. Gordon had played with them for another hour or so? These men are not children. There was nothing to prevent them from saying, "Mr. Gordon, although we have already conceded as much as we thought was possible, we feel that the negotiations had better not be broken off yet, for we have something else to suggest." If that was what they had in their minds, why did they not say so? But if they had no intention of conceding anything further, what was the use of palavering two or three hours more?

This charge that the negotiations were broken off too soon does not make sense, and I think that one of the most unfortunate occurrences in recent days was the complaint made by the leader of the CCF against Mr. Gordon. Through that complaint, which was based on an inaccurate *ex parte* statement, an attempt was made to destroy the usefulness of Mr. Gordon as president of our great publically owned railway. Honourable senators, you and I all know Donald Gordon. We saw him at work here during the critical days of the war. He brought into the fight for Canada an intelligent grasp of economic conditions, a vigour and a conscientiousness unexcelled by those of any man in Canada or the United States. I express my tribute to Arthur Smith, an honourable member of another place, a lawyer from Calgary, a Conservative, and a gentleman with a strong sense of fair play, who deplored attacks made on a man in a forum where he was unable to answer. Another honourable gentleman whom I wish to mention is Mr. Gillis, from Cape Breton. I have never had the honour of meeting him, but time and again I have been impressed by his speeches. Of course I disagree entirely with his political views, but I regard him as one of the brainy members of the House of Commons, and I am glad to see that in this

issue he was not carried away by the prejudice exhibited by his leader. A newspaper report before me states:

Clarie Gillis (CCF—Cape Breton South) said he was disappointed in Mr. Gordon if reports of his conduct were true,—

He did not say they were true.

—but he suspected that the whole story might not be known.

Of course the whole story was not known. Mr. Gordon, a government appointee, could not tell the story; but fortunately it has been told by an impartial observer, a man of high standing and great responsibility, the President of the Canadian Pacific Railway, Mr. W. A. Mather. I believe that everyone here who knows him and who knows Donald Gordon is convinced beyond doubt that in the negotiations with the union leaders Donald Gordon acted, as his conscience and intellect directed him, solely in the interests of the Canadian people.

**Some Hon. Senators:** Hear, hear.

**Hon. Mr. Farris:** I was pleased by the Prime Minister's statement that the government had complete confidence in Mr. Gordon. And notwithstanding the unfair attacks that have been made, I am sure that Mr. Gordon will continue to serve the Canadian National Railways system and its employees—for in the last analysis the interest of the system and the workers are identical.

I wish now to quote from a report that appeared in the *Ottawa Citizen* a day or so ago. It refers to a charge made by the Allied Trades and Labour Association—in Ottawa, I take it. The report says:

The association charged there might never have been a nation-wide tie-up of the railways, had Mr. Gordon's attitude during negotiations been marked by the friendly spirit essential to dealings with such an issue.

I submit to honourable senators that that is not a reflection on Donald Gordon, but that it is a strong reflection on the labour leaders themselves. For surely it is a terrible thing to suggest that they threw this country into chaos, not because there was a real dispute but because they did not like the way Donald Gordon handled negotiations! Are we to believe that these men are as temperamental as prima donnas, who would so resent any suspected slighting of themselves as to have no regard for the consequences of any retaliatory action they might take?

I am sorry to have spoken so long.

**Some Hon. Senators:** Go ahead.

**Hon. Mr. Farris:** You will be glad to know that I have come to the last of my collection of reasons why the strike was not justified.

I say, finally, that the union representatives were wrong in not acceding to the Prime Minister's request for a thirty-day postponement in order to permit negotiations to be continued.

**Hon. Mr. Haig:** That is the best reason of all.

**Hon. Mr. Farris:** No matter how you look at it, you cannot get away from this point. It is all very well to say that the government was lax in its handling of the situation. Maybe it was, for no one is perfect. But the Prime Minister of Canada, fully conscious of his responsibilities and realizing what serious consequences a strike might entail, asked the leaders to allow negotiations to continue for a further thirty days. And mark you, honourable senators, not since last May or June had there been any mandate for a strike from the men represented by these leaders. In the meantime the situation had changed. Many things might happen in a thirty-day period. I say that under all the circumstances, and with the narrowing of the field of dispute between the parties, the men who refused to comply with the request of the Prime Minister were not justified in doing so. I point out that I am not making an attack against the men for what has been done; I am making this argument in relation to what I have already laid down as the premise to the discussion. I repeat: this strike in the circumstances, and against the Canadian people, was not justified, and the fact that it was carried out by a group of men as good as these men were, necessitates consideration of protection against what may happen in the future.

Honourable senators, I notice by a news item in today's *Globe and Mail* that the running trades on the railways are now making demands on the companies. This item reads in part:

A demand for a blanket wage increase of 30 cents an hour for 35,000 running trades employees of Canada's railways will be served on the Canadian Pacific Railway in union-management negotiations opening here today.

There is no direct threat of strike accompanying the demand, but the power to strike is there. The time has come when the people of Canada must give thought to the morrow, and the proper method by which fair treatment may be received by all parties—industry, employers, employees—and above all to the public.

I come now, honourable senators, to my suggested remedies, and I wish to take a constructive look at the future. I say that the government has got to do something positive, perhaps not in this session, but in the

next session. First, while we are, as it were, hobbling along over the detour, consideration should be given to the use of a secret strike ballot, as emphasized yesterday by my honourable friend from Regina (Hon. Mr. Wood). I can speak with some authority on the matter of a secret strike ballot, because we have it in the province of British Columbia. Before the last election in that province many labour leaders made violent attacks against the government for its proposals in this respect, but the results of the election justified—if anything can be justified by election results—the wisdom of the government in its labour legislation. It was returned with a much greater majority than it previously had.

Before amplifying my argument on this point I would ask the question: Why should labour leaders oppose the use of a secret strike ballot? The only reason I have heard was that it was a reflection on the good faith and integrity of the unions. Well, honourable senators, this is not an elective house, but many of us went through elections before we came here, and we know what happens. I remember that when I was a boy in New Brunswick we had the open ballot. Perhaps I should not tell some of the things I know about that happened there. But honourable senators know well that we have provided a secret ballot in elections for the protection of the country, but primarily for the protection of the voters. Surely no one would say that it was not a protection to an honest working man to be just as free to declare his opinion on strike action as on his choice for a member of a legislature or for the Parliament of Canada.

**Some Hon. Senators:** Hear, hear.

**Hon. Mr. Farris:** Not only does British Columbia use a secret ballot, as provided for under section 75 of our Industrial Disputes and Conciliation Act, but the vote is supervised by officials from the department. This system works very well. Why should it not work well? What right has any leader of labour to object to securing a fair vote on the attitude of labour.

The next thing that I think the government should do immediately, by way of putting a few more planks on the detour, is to see that the final ballot on a strike shall be on the issues at the time of the strike. In the present case the strike vote should not have been taken on the issues as of last May or June, but upon those of the latter part of August, when much better offers had been made to the men.

My third suggestion is that the strike ballot should not have contained an *ex parte* argument by the labour leaders, based on inadequate information. I do not wish to charge that the present ballot contains any misinformation, but it does not give the full information that ought to have been placed before the men. My suggestion is that before a strike ballot is sent out it should be submitted to the Department of Labour, and if in future we have a labour court, it should be placed before that body. Upon receipt of the ballot, the department should at once call in the other parties to the dispute to inquire whether the ballot sets forth all the facts of the case. In the end, the ballot should be passed upon by the Department of Labour, instead of by one party to the issue.

I would not venture to say, honourable senators, what would have happened if at the end of August labour had had a further opportunity of voting on this question, with all the facts before them.

I have before me a telegram from the Saskatchewan Employers' Association, directed to the Prime Minister. I presume all honourable senators received a copy of it.

**Hon. Mr. Gouin:** Quite right.

**Hon. Mr. Farris:** The telegram reads in part as follows:

The text of the ballot should be made public and the results published by districts. Such legislation would take no privilege away from anyone, but would give to workers the democratic right to express their true opinions without fear of intimidation from union officers and organizers.

This association further says:

We believe that the strike would not have taken place had there been a secret ballot.

I do not know that that is so, but in looking to the future it is a fair supposition that the secret ballot would lessen the danger of strikes based on inadequate information or apprehension of what might take place.

I think, honourable senators, that these steps should be taken immediately to strengthen the temporary structure—the detour, if you will; but let us look to the future for a more permanent structure to take its place.

First, I do not think we should adopt any such procedure as that used in the United States. Canada has no public officer comparable to the President. We have the Prime Minister, but he is not commander of the Canadian forces, and even if he were, I am sure that no one would want to bring the administration of our railways, under strike conditions, into the hands of an officer corresponding to the President of the United States, who is also Commander in Chief of the armed forces.

**Hon. Mr. Gouin:** Hear, hear.

**Hon. Mr. Farris:** Furthermore, we would not want to drag wage disputes into the political arena, if it could be avoided.

Secondly, I cannot see how the appointment of an administrator would solve the problem. One newspaper referred to such a person as a "czar". Whether or not that is a proper definition for him would depend on the powers given to him. Let us try to visualize the results of railway operations under an administrator. What would he administer? Would he run the railways? Such a person would be under political pressure at all times, and if he were acting with authority it would be resented by the men. It seems to me to be an utterly impracticable solution for any permanent results in this country.

Just by way of illustration, let us look at the attacks made on Donald Gordon. Is it not significant that there was very little attack on Mr. Mather? The answer is that Mr. Mather is not a political appointee. A political appointment is the place to strike because politicians are more vulnerable than private citizens who run private corporations. My opinion, which is given with hesitation and is subject to review and revision by myself, is that this question, like all other disputes in our country, should be settled by the law, administered on the principles of justice as we pride ourselves in having them in this country. I believe that a new court should be established. I do not like arbitrations which are set up for each occasion. Sometimes they are all right and sometimes they are not. I believe there ought to be a permanent labour court. Everybody knows the effect of making men judges and giving them appointments until they have reached a certain fixed age. An *esprit de corps* is built up among them. We have all known partisan politicians who, when appointed to the Bench, have risen above their antecedent experiences and have become fine judges with a full consciousness of their responsibility to the state. I would make an outstanding lawyer the chairman of such a court. I am not trying to establish a position for any lawyer, because any man possessing the outstanding abilities necessary to handle the job would probably be making a sacrifice in accepting the appointment. Experienced lawyers are trained in procedure, in the powers of analysis, and in getting the viewpoints of others. That is the whole basis of the legal profession. I have never yet seen a lawyer who was capable of giving good counsel who was unable to obtain the viewpoint and to understand both sides of a question. That is a lawyer's training, and that is the kind of man I would like to see as chairman of such

a court. I would pay him an adequate salary and not the paltry pittance now given our Superior Court judges. There should be no question of cost. The cost of running this court for several generations would be trifling compared with the millions of dollars lost in the nine day railway strike—millions lost in earnings to the railway workers themselves, to men across Canada who became temporarily unemployed, the cost to industry and the black eye received by our tourist trade. The other two men on the court would not have to be lawyers, but men of high standing and experience in social and labour questions. I am thinking of a man like Mr. MacNamara. And what a magnificent appointment the late Minister of Labour would have made!

**Some Hon. Senators:** Hear, hear.

**Hon. Mr. Farris:** At one time I was thinking of college professors, but I came to the conclusion that they would not be acceptable unless they had a wide experience outside of their own profession. Three men might constitute a court, but you could have a fourth. I am only suggesting, of course, what could be done.

**Hon. Mr. Moraud:** Would my honourable friend suggest how he would enforce the decisions of that court?

**Hon. Mr. Farris:** I would enforce them in the same way that any other court decisions are enforced. I can understand my honourable friend thinking "Well, perhaps you could not do it today". That is one reason I say this subject must receive the backing of public opinion. I was greatly impressed with what Mr. St. Laurent said in the House about enforcement of the temporary enactments. He said in effect that in the last analysis you cannot enforce it by the power of the State unless the power of the State is supported by public opinion.

I am glad that my honourable friend from La Salle (Hon. Mr. Moraud) brought this point to my attention. I have had the honour of being asked to speak at the joint meeting of the Canadian-American Bar Association in Washington this month, and I propose to discuss the question of the administration of justice, and to suggest that when this immediate crisis of war is over and we are back to normal conditions—which I hope may happen soon—the permanent solution ought to be along the lines of an international court with full jurisdiction to deal with the problems of all nations. It would be just as impossible as anything in the world to establish such a court today,

but I have the faith and the hope to believe that some day it will be established. If I propose this to these lawyers, I am wondering if somebody will say "What a foolish thing for you so suggest when you cannot even enforce a labour regulation in Canada by a court that has a mandate for that purpose".

Honourable members, we must put our own house in order before we can ever hope to successfully achieve the same results in a wider and international field. I say to my honourable friend from La Salle that if you set up the very best court you can in this land and secure responsible, fair, impartial and competent men as your judges, and their decisions, having the sanction of the nation, are not accepted by labour, then this country is in a hopeless condition. But I for one do not believe that. I think the average working man is just as anxious as is industry to have a fair adjudication of any problem that comes up. I believe that when this question is properly put to the people of Canada, and when they have thought about it as respects the past and the future, they will give their support to it.

This labour relations court should not be hampered by any undue rules. Its judgment should be final and binding on all parties, and enforceable by the supreme power of the State the same as is any other judgment. As I say, I would not hamper the court by laying down limits as to its authority, any more than parliament has done in its handling of the present strike. All it has done is to say that if the dispute is not settled within a certain time an arbitrator will be appointed. The arbitrator will decide, through his own conception of justice and fair play, the right treatment to all parties concerned. You cannot lay down a finer or higher test of the administration of justice than that.

Honourable Senators, I have taken a lot of your time, and perhaps I have made statements that may be criticized as being unfair to labour. I did not intend them to be interpreted in that way. My only reason for making this speech was that this question is of such great importance that I wanted to point out the dangers in the future as indicated by the realities of the past. I would ask honourable senators to give this question their most serious consideration.

**Some Hon. Senators:** Hear, hear.

On the motion of Hon. Mr. Reid the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

## THE SENATE

Thursday, September 7, 1950

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

### SPEECH FROM THE THRONE

#### ADDRESS IN REPLY

The Senate resumed from yesterday consideration of His Excellency the Governor General's speech at the opening of the session and the motion of Hon. Mr. Dupuis for an Address in reply thereto.

**Hon. Thomas Reid:** Honourable senators, in rising to take part in this debate I want at the outset to congratulate the honourable senator from Vancouver South (Hon. Mr. Farris) upon the excellent speech he made yesterday.

**Some Hon. Senators:** Hear, hear.

**Hon. Mr. Reid:** I believe his speech outlined the railway strike as no other speech in parliament has done. My honourable friend made certain proposals to the government as to what he thinks should be done as soon as possible to remedy such situations in the future. I have one comment to make about his proposal with regard to the secret ballot. I think it was a very timely suggestion, and one that should be put into effect, if for no other reason than to protect the ordinary union worker. I make that statement as one of the two senators here who have served in the industrial field for many years and who still hold union cards. I know what methods of intimidation can be used, and have been used, against certain union workers when they openly voiced objection to what their union leaders wanted. It is all very well to say that these ballots went to headquarters and not to the locals, but the locals have a way of finding out things. Information leaks back, and those who vote against handing over control or the say-so to union leaders often find themselves intimidated by fellow-workmen who in many instances may themselves be looking for some kind of promotion. So I hold that if for no other reason than in the best interests of the ordinary worker belonging to a union there should be the democratic right to cast a vote secretly in any labour dispute, as there now is in municipal, provincial and federal elections. I repeat that the rights of the ordinary worker should be fully protected by the secret ballot.

May I say that while in my opinion the honourable senator from Vancouver South (Hon. Mr. Farris) made an excellent presentation and offered some very valuable suggestions, he dealt with only one aspect of the railway problem. I feel that honourable senators will agree with me that our great railway problem is still unsolved. As I see it, the recent strike will have the effect of accentuating some of the difficulties now facing the railway. Anyone who has given even cursory study to the situation will, I think, agree that one of the principal causes of trouble lies in the fact that although the companies spend large sums for the improvement of passenger service the revenue they receive from passenger traffic is relatively small and still dwindling. Further, competition from planes, trucks and buses—which latter competition will be increased after the Trans-Canada Highway is built—will bring about even more restricted revenues for the railways.

Anyone who has travelled across the continent knows that at times many coaches are empty, and that by no means all the passengers in coaches are paying their fare. In a coach in which I was travelling recently there were eighteen of what in railway parlance are termed dead-heads. That is, there were two members of parliament with their passes, and sixteen other passengers, all of whom had passes. Under conditions like that and faced with a decrease in fare-paying passengers, how can the railways carry on? As to freight, many business firms found out during the strike that they could ship more economically by truck than by rail. And with the building of pipelines to carry oil east and west from the Prairie Provinces, the railways will suffer another severe loss of revenue.

So, honourable senators, I contend that the railway situation is one of the serious problems confronting parliament. It is my hope that a special standing committee of this chamber will be set up to study the whole matter, and that out of its deliberations some means of helping the railways will emerge.

I am not going to deal with the criticism that we have heard of Donald Gordon, nor with the praise of Mr. Gordon that was expressed yesterday by the senator from Vancouver South. I will only say that anyone who is looking for a "goat" had better pick on the public, because that is the role the public will have to play in this railway situation. In this I am thinking particularly of grain growers whose product has to be hauled across the country, and of the price that consumers in British Columbia and other provinces will have to pay for it. I foresee

that increased freight rates will be necessary to pay increased wages and keep our railways functioning.

Passing on from that subject, I have one comment or a statement made by the honourable leader of the opposition (Hon. Mr. Haig). I wish to assure him that there is no compact among senators from British Columbia, nor are we "picking on" him in any way. As a newcomer to this chamber, I was somewhat disappointed when the honourable leader made the statement that it was not his duty to advise the government. If that is so, I cannot help wondering what is the duty of a senator. Though I came to the Senate recently, I have been in parliament since 1930, and know something of the workings of both houses. If the supporters of the government are going to sit by on the one side and acquiesce in all government legislation, and on the other side the few who are in opposition are merely going to attack legislation because it is brought down by a Liberal administration, in my opinion the eventual result will be—though perhaps not immediately—that the people of Canada will take a hand in the matter. I would remind honourable senators that even dictators can go only so far in ignoring the voice of the people. In accepting an appointment to this honourable chamber I did so with the view that I should do my best on behalf of the people of Canada, with no concern about getting votes, to watch legislation and offer criticism and also advice whenever possible or necessary. Above all else, I think that at every opportunity, honourable senators should supply some leadership to the people of this country and give of information gained from their past experience.

**Hon. Mr. Dupuis:** Hear, hear.

**Hon. Mr. Reid:** During this special session of parliament the criticism has been voiced in the other place that the government has been lagging in the playing of its part in the Korean crisis. In my opinion, if there has been any lagging on the part of Canada it has been in her lack of boastfulness about the contribution she is making.

I have before me an article which appeared in the *Huron Expositor*, of Seaforth, Ontario, dated August 31. In this article there appeared the replies of forty-one member nations of the United Nations organization to the appeal sent out for assistance in the Korean crisis. I will not read the list, for I do not think it appropriate that we should point to the things which other nations have said or done, or failed to do. However, a glance at this list of replies by various countries shows clearly that this Canada of ours is endeavouring to carry out fully its agreement with the United Nations. Without

giving the names of the countries listed here, I may say that some appear prepared to hold a conference, others to send armaments, some to supply a few officers; but not all offered military assistance.

I was pleased, if no one else was, with the statement made by the honourable the Minister of National Defence on Canada's ready response to the call for active service in Korea. In the light of conditions of full employment and high wages in this country, I am particularly pleased with Canada's response in this affair. It is always easier to get recruits when there is unemployment and when men are travelling about seeking work. It is obvious, therefore, that Canada's ready offer to help in Korea is most commendable, and the response to the call for men has been most gratifying.

After we hear the taxation proposals tonight, I hope we will remember that there can be no compensation for the sacrifice of human life, and I trust that the people of this country, with world conditions as they are today, are not going to complain at this time if they have to do without certain material benefits. We can very well be proud of the voluntary enlistments by Canadians. I am one of those who believe that when the inside story is told—and it cannot be revealed at the moment for fear of jealousies and of bringing about dissension—it will be realized that Canada is far ahead of most nations in playing a part in Korea.

I want to commend the United States for its quick action in Korea on behalf of the United Nations, but I am one of those who believe that Canada should make it clear now that she is not prepared to carry out every obligation undertaken by the United States. We should not be prepared to simply follow the United States if she sets out on a policy of policing the world. So long as she is acting for and under the authorization of the United Nations, I think Canada too should and will do her full part.

I was very pleased when the Minister of External Affairs stated in the House of Commons the other day that Canada or its government had no intention of interfering in Formosa, and just in passing I may say that in my opinion Canada is most fortunate in having such an experienced man as Mr. Pearson acting in the capacity of Minister of External Affairs.

**Some Hon. Senators:** Hear, hear.

**Hon. Mr. Reid:** I doubt if any other nation has in its cabinet such an experienced man in foreign affairs. Mr. Pearson was brought up in diplomatic circles and has given a good

account of himself on behalf of this country in deliberations in almost every capital of the world.

Speaking about Formosa, may I remind honourable senators that the members of the United Nations, in their deliberations at Cairo, agreed to hand over Formosa to the Chinese. I have long thought that it was an error on our part and, in particular, on the part of the United States, to champion General Chiang Kai-shek, a man who is now one of the most discredited leaders in Asia. If I wanted to find out something about a member of parliament or a senator I would make inquiries in the place from which he came, and where the people knew him best. I say this because I have found members of the House of Commons and some senators criticizing me in private talks because I have made, or was going to make, derogatory remarks about General Chiang Kai-shek. But I am one of those who for some years have made a kind of study of Asiatic affairs, and I know people who have lived in Asia and gained experience there. I criticized very severely in the House of Commons the remark made by the then Speaker of that house when he called Madam Chiang Kai-shek "the immortal". I could not understand a man whose native land was Scotland putting anyone on that pedestal, especially a person like Madam Chiang Kai-shek.

Honourable senators, Formosa is just like a keg of dynamite at the present time. On the one hand is Great Britain, recognizing communist China; and on the other hand is the United States, or General MacArthur bolstering General Chiang Kai-shek. I only hope that President Truman's admonition of General MacArthur is not too late. General MacArthur's actions resulted in many repercussions, not only in America but also in Great Britain. For the benefit of honourable senators I am going to read one or two paragraphs from what Peter Inglis just wrote from the London Bureau.

As far as Formosa is concerned, the British attitude is that a commitment by a member of the United Nations to defend the island permanently—as distinct from isolating it from the present war—is not a tenable policy, either from the member's point of view or from that of the United Nations. Britons hope that Mr. Truman realizes this and will not allow himself to be dissuaded by political pressure.

To continue:

Properly, therefore, Formosa today belongs to nobody. A peace treaty could give it to China, or hand it back to Japan, or put it under United Nations mandate.

That the island has become the last piece of territory held by the former Chinese Nationalist government of Chiang Kai-Shek (which Britain no longer recognizes) is, in the British view, unfortunate but irrelevant.

And, to conclude:

Chiang, in this view, has no more right to claim to control Formosa permanently than the Peking government of Mao Tse-Tung, which Britain recognizes as the government of China, has the right to try to seize Formosa by force of arms.

From the British point of view, the acceptability or otherwise of Chiang or any other Asiatic leader as an ally should be judged by how he looks to the people of Asia and not by how he looks to Westerners.

I wonder how many honourable senators have delved into the history of China or of Russia? I wonder if honourable senators realize how many millions died under the regime of General Chiang Kai-shek, while he was building vast mansions at the expense of the poor people? Perhaps honourable members will not agree with me, but I hold to the view that the people of China endured all the suffering from hunger they could under the corrupt rule of General Chiang Kai-shek, and that it was their right to revolt if they saw fit. I am afraid that by our bungling, our hesitation and our support of the wrong people, we may very well throw that greater part of China, which is under the Chinese communists, right into the hands of the Soviet. There is no feeling of love between the Chinese and the Russians, and I am hoping that out of this all there may come in China another regime such as that of Tito. This would certainly act as a great bulwark against the spread of Soviet Russia. I trust that those in charge of diplomatic affairs will survey the entire situation before making any definite decision about rushing to support Formosa.

A proposal was made in the other house a few days ago, and although it may have been made in the interests of the Canadian people, it was to my mind a most foolish one. The speaker suggested that Canada should be ready at all times to send a force to any trouble spot in the world. Do honourable senators realize just what a proposal of that kind would mean, and just how dangerous it would be? There are many danger spots in the world today. I have mentioned Formosa, but what about Indo-China? If trouble breaks out there, are we to be prepared to send troops without knowing whether the cause of the trouble will be an endeavour to maintain French imperialism in that country? I hope we do not accede to the proposal made by the honourable gentleman, because in my opinion to do so would be both foolish and fatal.

Coming back to Formosa, I may say that the British and French, from long world-wide experience, do not allow any of their generals to make diplomatic decisions. Those countries found out long ago that it is wiser to restrict military officers to military matters and to leave diplomacy to diplomats or to

governments. This is not the first time that a mistake has been made by the United States, for Churchill said that America's master delusion was the conviction that China should be regarded as a great power in the United Nations. We in Canada supported the regime of General Chiang Kai-shek, failing to realize that the revolution in China was not started on behalf of Soviet Russia but was directed against the graft and corruptness of that regime, corruptness which allowed millions of Chinese to die for lack of food whilst a few persons became rich. I have expressed the belief that under such conditions millions in China had the right to revolt. They were worse off than even the Israelites of old were when Pharaoh refused to give them straw, and ordered them to look for their own straw and still produce as many bricks per day as before. True, they did not revolt—they were, however, led out to freedom from Pharaoh's control.

Honourable senators, I sometimes wonder where we in this Canada of ours are drifting. The war had an effect on our people which very few seem to have recognized. We were regimented; we had to accept what we were told by the central or federal government, and do what official edicts ordered us to do. Our democracy has not yet recovered from that experience, and I find a regrettable complacency amongst our people. I find it even amongst honourable members of another place who, although elected to represent the people, are willing to accept without protest or question whatever the government sees fit to do.

Reverting now to the present world situation, I wish to dwell for a few moments on Korea, particularly in the light of that country's past history. I wonder how many parliamentarians have taken the trouble to even look at the map to see for themselves the location of Korea, Formosa and Indo-China. To those who have not, I would suggest that to do so is a splendid educational exercise which will prove helpful when reading about current events in these countries.

How many are aware that for the past one hundred years and more Russia has been endeavouring to control the East? Many Canadians seem to think that the characteristics of the Russian people have changed under the Stalin regime. The characteristics of the British people have not changed because a labour government is in office, nor would the characteristics of the Canadian people change if a new kind of government were to come into power in Canada. The chief change in Russia is that the people cast off their old masters, the tsars, and replaced them by persons of lower rank who, as the Good Book says of others in ancient

times have become much more tyrannical and brutal than the old masters ever dreamed of being.

Honourable senators who are curious about the life of people in Russia may find a good deal of interesting information in books written by David J. Dallin. Born in Russia in 1889, educated at Petrograd and Berlin, he was elected to the Moscow Soviet as a deputy in the then opposition. However, oppositions did not last very long after Stalin got to be in charge, and Dallin left the country in 1922. After living for a time on the European continent he came to the United States, where he has written five or six books, one of which, *The Rise of Russia in Asia*, I recommend to honourable members.

Knowledge of Russia's desire to control the East enables us to understand more clearly the moves that she is now making.

Tsar Alexander III built a railway from Moscow to Vladivostock, for the purpose of helping Russia to achieve her goal of controlling the entire East. Vladivostock is 500 miles from Korea. Latest reports are that the railway, which is some 4,700 miles long—the longest line of railway in the world—has been double tracked under the Soviets, and that the reason why goods are being shipped south from Vladivostock rather than around by rail is that the railway is jammed by the transportation of military supplies.

In 1896 an agreement was signed between Japan and Russia on the designating of the 38th parallel—the very parallel that we hear so much about today—as the line of demarcation between north and south Korea. Both Russia and Japan sent troops above and below the 38th parallel, but it was not long before Russia dispatched as well hundreds of officers to train the North Koreans. In 1904 Japan, protesting that Russia had violated the agreement, went to war with Russia, defeated her and took over Korea. Many people today are of opinion that the trouble over the 38th line in Korea is something new, but we see that this is far from being so. And it is very interesting to read that just after the ending of the last war in Europe Churchill and Roosevelt offered Korea to Russia. Why she did not accept it, no one can tell.

From Dallin's book to which I have already referred, *The Rise of Russia in Asia*, I wish to quote a secret message which was sent by the Tsar to General Alexander in 1904, when tension between Japan and Russia was at its height:

"It is desirable," wrote the Tsar to General Alexander in 1904, "that the Japanese, and not we, be the ones to start military operations . . . But if they should cross the 38th parallel on the western coast of Korea, with or without a landing, you are

hereby given instructions to attack them without waiting for the first shot from their side. I rely on you. God help you."

The words "God help you" would of course not be uttered by the rulers in Russia today; but at that time her churches were all open. What Soviet Russia is doing today has long been the characteristic ambition of the people of that country.

I come now to an incident that took place on this continent, when the Russians defied a British man-of-war entering the Stikine River on the northern Pacific coast. I wonder how many honourable senators know that at one time Russia claimed the entire Pacific Ocean and had military forts as far south as San Francisco. The correspondence which passed between the officials of the Hudson's Bay Company and the Secretary of State for Great Britain makes most interesting reading. I wish to quote a short passage to support the statement I made a moment ago, that the Russians have not relinquished their ambition to control the entire world, particularly the East; and that Stalin and his group operate under the assumed name of Communists, because they believe it provides a means by which they can fulfil a desire which the Russian people held for more than a hundred years. I quote from a letter dated October 24, 1835, addressed to the Right Honourable Viscount Palmerston. It reads in part as follows:

Your Lordship is aware that a convention was entered into between His Late Majesty George 4th and the Emperor of Russia signed at St. Petersburg, 28th Feby, 1825, which determined the line of demarcation between the British and Russian territories on the North West Coast of America, and I have now to complain of an infraction of the terms of that convention, to the very serious injury of the commerce of the Hudson's Bay Company, by Baron Wrangell, Post Captain in the Emperor's Navy . . .

The letter goes on to state that not only did Baron Wrangell issue orders to stop the British, but he used insulting language and strong measures to enforce his command, and later denied it through the emperor.

I wish to emphasize the point that the aggression the world is witnessing today is not altogether communism, but rather a Russian imperialism, engendered by Stalin and his group and carried out under the name of communism.

Honourable senators, I am one of those who believe that we have lost a very important part of the present war. We have lost the battle of propaganda. The attention of the authorities in this country has many times been brought to the fact that propaganda is a real weapon; but still they choose to give it the brush-off. We focus our efforts entirely

on military weapons, forgetting that propaganda, as used to the fullest extent by Soviet Russia, is a most powerful weapon.

One frequently picks up broadcasts over the air from Soviet Russia, telling of how good life is in that country. If I wished to be critical of the press and radio in this country, I would point to the fact that the Canadian Broadcasting Corporation and the press always seem to set out prominently the lying statements emanating from the Russian delegates at the United Nations organization, or from Moscow; on the other hand, it is forgotten that we have 14 million people in this country, and that some communistic propaganda may fall on receptive ears. I would suggest to the government that more serious consideration be given to the spread of ideas by means of propaganda.

We are not going to defeat communism by the negative attitude of instilling fear into our people and asking them if they are not afraid that the Russians may overrun this country. That method may be of some use, but I would prefer a more positive plan of action. In that way we would prevent many of our people from being misguided and led astray, not only by radio addresses from Moscow, but from propaganda spread by communist leaders in Canada, acting under orders from Moscow. For example, at the front of the main building today we saw a large number of delegates, each of whom wore a badge on his lapel. I did not stop to inquire what was on it, but I am informed that this was a delegation advocating peace. In that group I recognized a man who was once a candidate for the Labour-Progressive Party in British Columbia, and I wondered if perhaps there were not more of his type in the group. These people are appealing to innocent Canadian citizens by saying, "you want peace, don't you? Then join us; we are all for peace." This is all part of Moscow's game.

Every sensible and informed person knows that the place to cry for peace is in Russia, not in Canada. We are a peaceful nation; we desire no more territory. We only want to live our own life, and do not wish to be swallowed up by that godless and cruel regime which is today controlling Russia under the guise or name of communism.

I would point out that there are in this country some misguided persons who, unfortunately, have become agents of another country. I believe it is the right of every person to criticize the government in office in an endeavour to bring about better conditions, but I have no sympathy with anyone in Canada, who either openly or clandestinely, is acting on behalf of Moscow in order

to impose upon Canada the Russian form of government. I warn such persons that if the time ever comes when Russia controls Canada—and God forbid that it ever should—those who think they will be little leaders and hold key positions in the new order will find that they have been badly mistaken. No doubt that is the lure which has carried many of them into subversive activities. I would point out to them that Russia, in her occupation of any country so far, has not depended on any of the native population to run her affairs. Indeed, she has ready a trained army, tried and true, to send into those countries; and those Russian sympathizers found that the new regime gave them no power by which they might get even with someone against whom they held grudge. I would not mind these people being fools if they did not lead so many good citizens astray. Look at the number of our loyal citizens who were duped into signing that peace notice. It is high time that we woke up to realities, and put on a campaign of information to enlighten our people.

I wonder how many honourable senators, or members of the other house, if suddenly asked what the fighting was all about in Korea, could give an answer that would be understood by the common citizen? Well, this question has been asked and is still being asked. We have the best country in the world and we enjoy the best life any people could have; the common man has more than his counterpart in any other country. But do we extol these facts? No, we sit back and let lying propaganda come to us from the Soviet Russia and allow enemies within our gates to sow seeds of discontent among our people. Many of our citizens quite innocently fall into these movements, as was evidenced today by the march on parliament hill by members of a Canadian Peace Congress. Did honourable senators ever see a more asinine thing than this march, especially in one of the most peaceful countries of the world? We should send the leaders of such propaganda demonstrations back to Moscow, for propaganda it is.

A lot of people waste time wondering whether the Korean war will result in a third world war. I think the answer to this question does not lie here, but entirely in Soviet Russia. And what she will do no one can tell. We got a lesson in the thirties, but in my opinion we went to sleep after the last war. Honourable senators will remember how Mr. Churchill kept telling the British nation what Hitler was doing, but nobody heeded his warning. A few days ago a party leader in the other place was reciting the events of the thirties. As I listened to him I

could not help thinking how different his viewpoint was from what it had been before the last war. Right up to 1939 members of his party were rising in their seats and demanding that the government answer the questions: "What are we arming for? Why are we spending all this money on armament"? Yes we had our lesson in 1939-1945, but we pretty nearly got caught again. Perhaps with the help of God and all free democratic nations, particularly the United States, we can and will pull through.

Do not let anyone tell you that the Soviet leaders do not make any mistakes. Just look at what happened when Stalin and Hitler signed their treaty. Stalin trusted that black-guard Hitler rather than the British; but you know how quickly Hitler turned on Russia when the opportunity came. Is there any man who would say that Russia could have withstood Hitler's terrible onslaught had Britain not held the gate for all democratic countries after the fall of France? Would any man in his proper senses argue seriously that Russia could have survived if Britain had not stood by and saved democracy for half the world? When Hitler was attacking Russia he had still to watch Great Britain and the western allies.

Honourable senators, I did not intend to speak longer than forty minutes, but I have one or two more points that I should like to cover before concluding. I have dealt with the power of propaganda, but let me say again that I would honestly like to see Canada put on a positive campaign extolling the good things of this country of ours: our free life, without concentration camps or brutal secret police, as opposed to the lying propaganda the Soviets put out by radio, literature and by word of mouth through agents in this country. The nations of the Western World would do well at the United Nations to tell the Asiatics what are our aims in Korea and Formosa. For the most part at the present time only United States troops are fighting in Korea; so you can understand the propaganda which Russia is spreading among the North and South Koreans that the move made by the United States is an imperialistic one. Under the United Nations we should try as early as possible to make it plain what our plan is for Korea.

I think it is safe to say that the Russians are more realistic than we are. They understand us better than we understand them. We are not realistic at all. I hear members of the House of Commons, senators and others, talking about the effect of the atomic bomb if we had a war with Russia. But have we taken any steps in the matter? Have we done anything towards defending our

people against an atomic bomb attack? We go ahead building hospitals in congested areas, and as yet we have no national military roads, though for our own safety we should have them leading out from all our large cities. I have wondered what might happen, for instance, should an atomic bomb drop in the great city of Vancouver. It would be a tragedy too terrible to contemplate. No military road leads out of the city, and the hospitals are jammed in its very centre. No one can say what the suffering and what the death toll would be.

And who can say that such a thing will not happen. We have all heard that Russia would be at war now if she had the atom bomb or if the United States did not have it. Well, I do not know if anyone can read the minds of these orientals in Moscow—and Stalin is an oriental—but I know that they can read our minds. I am speaking from a practical point or view. If we really believe that there is danger of an atomic bomb attack, why are we not taking steps to defend ourselves? We have long heard the Maritime Provinces and the western provinces, including British Columbia, voicing objection to the centralization of industry in Ontario and Quebec. Well, I trust that now that we are going to gather our military and industrial materials and might around us, something will be done to spread our industrial plants clear across the entire nation.

The other day I placed on the Order Paper some questions about the theft of Bren guns. I had a definite object in mind in doing so, but as yet I have received no answer. I read in the newspapers about two Bren guns having been stolen, one in Vancouver and the other in New Westminster. I spoke to one of the leading officers of the New Westminster Regiment, and he informed me that there were no guards at their armouries and that anybody could break into them. I just wonder what anybody would do with a Bren gun anyway? I can understand a man stealing a rifle, a pistol, or a revolver, but I cannot understand why anyone for his own personal use would break into an armoury and steal a Bren gun and a thousand rounds of ammunition. I hope our military people will take a more realistic view of the situation in the world today. Why could we not utilize the Veterans' Guard to watch armouries across Canada? Are we just going to pussyfoot

and talk about the great military might of Russia and the terrible consequences of atom bombing, but do nothing more than that?

I mention these matters this afternoon in the hope that thereby I will do something to arouse not only the authorities but the Canadian people in general to the realities of the present situation. We may know a little more about what the government intends to do when we hear the budget address this evening, and I trust that each and every one of us in this country will willingly bear our share of the burden. The highest service will be rendered by members of the armed forces who are prepared to sacrifice their lives in order that freedom may be preserved, but the rest of the people also must make sacrifices for the same great purpose.

I am not taking an unduly dim view of the situation. I trust to God that the democracies are not too late in getting together in their might. It has long been my opinion that military might is the only language understood by Soviet Russia. She has used the United Nations as a sounding board for her lying propaganda, while at the same time she has been building up the most powerful armed forces the world has ever seen. Honourable members will recall how, before the last war, Germany had convinced many people that she was invincible. Unlike Russia, she opened her doors and invited outsiders to come in and be shown. One of those who accepted the invitation was Lindbergh, and upon his return to the United States he said, in effect: "Give up any idea of fighting Germany. She cannot be defeated. No country can stand up against her." How false his prophecy was, time has shown. And I say that so long as the free democracies pool their resources and act together as a unit there is no reason to be dismayed by the great might of Russia. Let us act with firmness, against enemies outside the country as well as against those within, and pray that we may not be too late.

**Hon. Mr. McKeen:** Honourable senators, if no one else wishes to speak this afternoon, I move adjournment of the debate.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

## THE SENATE

Friday, September 8, 1950.

The Senate met at 3 p.m., the Acting Speaker (Hon. J. H. King) in the Chair.

Prayers and routine proceedings.

### BUSINESS OF THE SENATE

On the Orders of the Day:

**Hon. Mr. Robertson:** Honourable senators, I am advised that the House of Commons have temporarily suspended the debate on the Appropriation Bill so that they may give immediate consideration to item No. 5 on their Order Paper, the Canadian Forces Bill, which stands in the name of the Minister of National Defence. Of course at the moment I am unable to say how long that house will take to deal with this measure, but there is some indication that debate on it will not be extended. In the circumstances I have been asked to request that the Senate sit tomorrow, with a view to having the bill passed through this chamber and given Royal Assent this week. It occurs to me, judging from some optimistic views I have heard expressed, that the bill may be passed by the Commons this afternoon. If this should happen, and the bill come to us tonight, honourable senators might prefer to sit this evening and dispose of the legislation then rather than meet tomorrow morning. Therefore, in anticipation of the bill reaching us tonight, when the debate on the Address in Reply to the Speech from the Throne is adjourned this afternoon I am going to suggest that we adjourn during pleasure to meet at approximately 5:30, when I hope to have some information as to the progress made by the other house.

### SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from yesterday consideration of His Excellency the Governor General's speech at the opening of the session and the motion of Hon. Mr. Dupuis for an Address in reply thereto.

**Hon. S. S. McKeen:** Honourable senators, in my remarks this afternoon I shall perhaps repeat some of the things that already have been said in this debate. But very often, when asked by people in British Columbia why the government does not take certain action or why someone does not make a certain statement, I have found upon looking into the matter that such action has been taken or

such a statement made. Therefore in my opinion some things cannot be said too often, for many people miss important matters which are referred to only once.

I want first to congratulate the mover (Hon. Mr. Dupuis) and seconder (Hon. Mr. Barbour) of the Address. They both performed their functions nobly. I also take this opportunity to congratulate the honourable senator from Vancouver South (Hon. Mr. Farris) on his most able presentation of the facts surrounding the strike and the Korean affair, and the senator from New Westminster (Hon. Mr. Reid), who yesterday covered similar ground from a different viewpoint.

Today I intend to put before the house some thoughts and ideas which are perhaps not entirely my own, but which I have heard expressed, and which should, in my opinion, receive immediate consideration by this body. I believe that in matters affecting labour the Senate provides a more appropriate forum for discussion than does the House of Commons. Honourable senators are free to express their own opinions without regard to the effect they may have on re-election to office. In that respect I think the position of a senator differs from that of a member of the House of Commons in the same way as the office of a judge in Canada differs from that of a judge in the United States, where one cannot but think that the decisions of judges must at times be influenced by an impending election. Further, members of the House of Commons may have certain personal views but be fearful to express them because of their possible effect on public opinion. A government may hesitate to take a certain step because public opinion is not yet receptive to it; and to stay in power a government must have the support of the majority of the public in any action that it takes. The work of the Commons, therefore, instead of following a straight and positive course comes down to a series of compromises in the right direction. The Senate, on the other hand, is blessed with freedom from the anxiety of election results, and can help to provide good government by making proposals which, though not popular at the time, may prove wise in the future.

As to the question of strikes and work stoppages, I believe that parliament should give serious consideration, not to the "detour" which was taken for expediency, but to the building of a permanent road towards the solution of labour problems. In the beginning labour was badly treated, and we in this country for years have been fighting for freedom, not only of workers but of the citizens generally. We have been trying to get

away from dictatorship and tyranny, and we have come a long way in labour matters and in political affairs.

I think we are at times a bit too complacent about our political freedoms. Being a peace-loving people we cannot imagine other nations taking aggressive action against us. The situation in Korea has shown us very clearly that there are nations in this world who have no compunction about taking aggressive action against other nations. The attack on Pearl Harbour woke us up, and the Korean affair has had the same effect. It is true that we are having to spend considerable money in Korea, but I think that most of the funds we are raising today will help us to prepare against possible aggression in other parts of the world. If the Korean affair has shaken us out of our complacency, then I think the money we are spending on it is well spent.

We tried for many years to win political freedom, and today North Americans enjoy more freedom, I think, than the people of any other part of the world. Some countries are slipping back into the regimentation of dictatorship that prevailed throughout the world centuries ago.

After political freedom had been won, the labour unions of the country fought for the workers in their battle against employers. Many employers at one time exploited labour to the full, leaving the working people with barely enough on which to subsist, but the labour unions, through organization and by pressing their demands, were able to greatly raise the wage standards and living conditions of the workers.

Then another change came about, and political action was taken with respect to labour conditions. It was no longer just the labour unions that were responsible for improved working conditions. The government commenced to introduce all manner of labour legislation covering maximum working hours, minimum wage scales, safety devices, workmen's compensation, and many other matters. Some labour leaders looked upon the government's action in this regard as infringing upon their field of activity. They saw how this might cause them to lose their hold on their members, who of course were paying dues. Some of the unions countered this move by getting into the political field themselves. They formed groups, put up candidates to run for public office, and tried to control political parties. Thus a struggle arose between labour organizations and government in controlling the conditions of workers. On the one hand are men selected by a particular labour group or union and, on the other, men elected by the people at large to form the parliament of the country. When it comes to a struggle between these two classes, I

do not think there is any doubt about the final result, but the labour unions still have the power in their hands to disrupt the whole business of the country as was vividly illustrated within recent days.

If the government, in order to fully protect the public, feels that it should set up boards to control the services, prices and profits of public utilities, then why should we not go a step further and place public utilities completely under government control so as to ensure that proper service will be given and that the public will not be inconvenienced? A stoppage caused by labour in the functioning of a public utility is just as serious as a stoppage caused by the company itself.

When labour used to be exploited, as I said earlier, many companies were owned by individuals. But there has been a change, and today it is rare to find a company owned by one person. Most concerns now have large numbers of shareholders, in some cases running into the thousands. Indeed, it often happens that the number of shareholders in an industry exceeds the number of workers. And of course a good many concerns are publicly owned—by the state, or a province or municipality.

Only by close co-operation between management and labour can we have real progress in our country. When a company has a dispute with its employees over rates of pay or working conditions it does not arise because the manager is trying to keep labour down. He has to look at the picture from the broad view of what is in the best interests of his company's shareholders and employees together, for he knows that the company can only remain successful by giving satisfaction to both classes. If he sees that a requested increase in wages would make it necessary to boost the price of the company's goods or services so high that the volume of business would be greatly diminished, he realizes that in the long run the workers would be better off by continuing on their present scale. The management of a railroad, for instance, know that if in order to meet higher demands from labour freight rates have to be increased beyond a certain level, many firms which have been accustomed to shipping their goods by rail will patronize trucks, airplanes or water transport instead, and before long it may be necessary for the railway to lay off men. A company which is able to maintain all its existing staff on a 44-hour week might, if the week were reduced to 40 hours, suffer such a loss of traffic as to be forced to dismiss half of its employees.

Another thing to be considered is the point of view of people in business for themselves,

who cannot reduce the length of their own working week. Take the farmer on the prairies, for instance. He works hard for perhaps 70 hours a week, and the price of his product may be controlled by an export market. Even if he has a good crop, how will he feel when he comes to think that the men hauling his crop to seaboard or to a local market are being paid two or three times as much per hour as the net amount he will receive? He will not feel very happy about that, and his discontent will not be good for this country.

Then, again, who is to say what industry pays the best wages? In the old days when wages were governed by the law of supply and demand, the more remunerative or pleasant a type of labour was, the more workers it attracted. In time, of course, competition among workers for employment in any such field would become keen and rates of wages would fall much below those paid in fields where conditions were relatively poor. Out on the West Coast thirty-five years ago some industries were paying very high wages, higher even than those of today, because working conditions of that time were far from good and it was difficult to get men for the jobs. The law of supply and demand controlled the rates of pay. But now demands for wage scales are based not so much on the type of work as on the strength of the union to which the workers belong. Of course, everybody knows that when wages go up it is the final consumer who pays the shot; so when a union is strong enough to get higher rates of pay for its members than are received by members of weaker unions, one result is that the members of the weaker unions have to pay a larger share of their earnings for goods or services produced by the workers belonging to the stronger union. I hope, therefore, that in time unions as well as companies will in some way be restrained from making exorbitant demands.

Here is another point. Many unions operating in Canada are international unions. I have not gone into the subject far enough to be able to state whether or not it would be better for Canada if we had nothing but Canadian unions, but anyone can see that although the Canadian members of an international union may be doing the same kind of work as its American members, business conditions in Canada are not the same as in the United States. A plant operating in that country is producing for a market of 150 million people, whereas the same kind of plant in Canada has a total market of only 14 million, and it is not possible for the two plants to pay the same wages and produce

on a competitive basis. Take the automobile industry, for instance. It has to make heavy expenditures for dies and other tools before a new design of car can be turned out, but for every 3,000 cars that can be sold in Canada there will be more than 300,000 sold in the United States. It is clear that if the rate of wages is the same in both countries, the Canadian workers who buy automobiles must pay much more for them than American workers pay. If the Canadian prices of goods in general are higher than American prices, the cost of living here will be higher than that in the United States.

Canadian railroads also are seriously handicapped by this country's small population, as they are obliged to haul trains through hundreds of miles of territory in which there is no possibility of obtaining traffic, a condition with which American lines as a rule do not have to contend. Representatives of international unions seem inclined to overlook these facts when demanding comparable wage scales in both countries. Labour unions in Britain do not insist upon their members being paid at rates current in the United States or Switzerland or Italy or any other outside country; they base their demands on conditions in Britain alone.

A great deal has been said against compulsory arbitration. I think it is absolutely necessary in the fields of public utilities and essential public services that, if collective bargaining and voluntary arbitration do not produce agreement, there should be some method of compulsory arbitration, if you wish to call it that, or arbitration of some kind that must be accepted by both sides. It may interest honourable senators to know that for many years some unions have insisted upon having a compulsory arbitration clause written into their contracts with employers. Two such unions are the International Ladies' Garment Workers and the Amalgamated Clothing Workers. Their arbitrator is, I think, a professor of international law at McGill University, and when their negotiations with employers fail, he makes a decision which is binding upon all concerned. He has a permanent appointment, and the unions and employers together pay his salary. That arrangement has produced very satisfactory labour relations, so there is no doubt that it will work. Of course, the garment industry is not a public utility. In certain quarters it might not be classed as even an essential industry, for in British Columbia some citizens have occasionally discarded their clothes and probably would not worry if they had none at all. However, most of us in this chamber undoubtedly consider garments to be essential.

**Hon. Mr. Roebuck:** May I interrupt my honourable friend to ask if the arbitration in the clothing industry is not voluntary rather than compulsory?

**Hon. Mr. McKeen:** It is compulsory in the sense that if management and labour cannot come to an agreement the arbitrator makes a decision that is binding upon both. I may be wrong, but that is my idea of compulsory arbitration.

**Hon. Mr. Roebuck:** The workers voluntarily entered into that agreement?

**Hon. Mr. McKeen:** That is right.

**Hon. Mr. Roebuck:** Then it is voluntary arbitration.

**Hon. Mr. McKeen:** But the workers decided that this was a better way to settle disputes than by strikes, and they insisted upon such a provision in their contract. In other words, this union has voluntarily given up the right to strike by—

**Hon. Mr. Roebuck:** Will the honourable gentleman please pardon me for interrupting his continuity of thought? I know something about this agreement. Is this not the fact: that the agreement to appoint an arbitrator relates to the interpretation of the terms of the contract?

**Hon. Mr. McKeen:** My understanding is that the agreement goes beyond that, and provides that during the term of the contract all disputes will be referred to the arbitrator, and that when a new contract is made the same terms will apply.

**Hon. Mr. Roebuck:** I doubt that.

**Hon. Mr. McKeen:** That is the information which I have regarding two specific unions. The International Ladies Garment Workers Union, for instance, has not called a strike for many years, and I think that such an agreement as it has should be adopted by other unions.

I agree with the suggestion of my honourable colleague from Vancouver South (Hon. Mr. Farris), that the government would be well advised to set up a labour court to which questions affecting labour and management could be referred. In that way we would avoid serious work stoppages such as we have had within the past month.

As to whether management or labour was to blame for the breakdown in the recent strike negotiations just depends, I think, on the point of view. A great deal of criticism has been directed at Donald Gordon for his actions in the negotiations with the railway workers. My friend from Vancouver South has given us the facts surrounding the breakdown of the negotiations, but I would point

out that Donald Gordon who was appointed by the government to operate the railway, was also an employee and had no financial interest in the enterprise. His only interest was to try to secure for the workers satisfactory working conditions, to give the people of Canada a fair deal, and to see to it that the railway continued to operate successfully.

In my opinion Donald Gordon was used by the unions as a whipping boy because the negotiations broke down. Perhaps I am wrong, but if a negotiator told me that he had no further proposals and there was no change, I would think that was tantamount to saying that the negotiations were concluded. Certainly, Donald Gordon had no way of knowing that a statement once made was going to be changed later. In my opinion, it is most unfair that a man who has done a great deal for his country should be subjected to abuse from those who were opposed to him. Donald Gordon has taken on the onerous task of running a railway enterprise for the Canadian people, and he has done, and is now doing, a great service for Canada. As to the general question of the dispute, there were some, I believe, who spoke without full knowledge of the facts.

In the light of events in Korea, I think we should take more seriously than we do the real threat to our political freedom. Neither the people of Canada nor the people of the United States have known a secret police force, but in both countries there are many immigrants who have suffered much at the hands of such a force in Europe. I know a European who came to Canada with very little, and who has since built up a successful business on the coast. When I suggested to him one day soon after his arrival that we take a trip of about seventy-five miles, he asked, "Do we report to the police before we go?" I asked him the reason for his question, and he replied that in Europe he could not drive fifty miles without reporting to the police telling them where he was going, and why, and assuring them that he would return. I said, "But you are now in Canada and you don't have to do that".

Canada could very well, by reason of her unpreparedness for aggression, lose the political freedom that her citizens now enjoy. It must be remembered that there are people in this country who are working in the interests of one of the worst dictatorships the world has ever known. I do not believe these communist sympathizers realize what would happen to them under a communistic regime. Certainly there would be no strikes by labour unions, because the first person to attempt such a move would be liquidated.

I do not want to see compulsion; neither do I want to see the government of this country try to make any man work at any particular job. Nevertheless, I do not think that any one group of men should be allowed to tie up industry in this country by selfishly trying to get more out of their fellow citizens than they are entitled to, for that is all it amounts to if their demands are out of line. I do not wish anything I have said today to be construed as a charge on my part that the striking railway workers were asking for more pay than they were entitled to receive. I have not compared their rates of pay with those of employees of other companies, and I am not well enough informed on the matter to make a positive statement. But regardless of whether the workers were underpaid or overpaid, in my opinion they had no right to disrupt industry all across Canada, and attempt to bludgeon the employers into a settlement.

I should like to hear the strike question discussed further, and have other members express their views, so that the general public may have the real facts and protect themselves against any future stoppage of the wheels of industry in Canada.

**Some Hon. Senators:** Hear, hear.

**Hon. A. N. McLean:** Honourable senators, I should like to take this opportunity to congratulate the honourable senators who moved and seconded the Address in reply to the Speech from the Throne.

Parliament was called into this emergency session to deal with matters of great importance. The bill to end the railway strike which had paralyzed this country was presented by the government and dealt with by parliament in a prompt and efficient manner. I believe the Canadian people appreciate the prompt action of this honourable body and the other branch of parliament.

I should like to express my appreciation of what was said in this house on Wednesday last by the honourable senator from Vancouver South (Hon. Mr. Farris) with reference to Donald Gordon. I have known Mr. Gordon for a long time, and during the war years I had the honour to be associated with him when, as Chairman of the Wartime Prices and Trade Board, he was in charge of price controls. I never worked with a man who surpassed him in ability, fairness of mind, rugged honesty and sincerity of purpose. Mr. Gordon won the deep admiration and respect of all who were associated with him for the fine and beneficial work he carried out for the people of this country during the war years. He did a more effective job of holding down prices for the consumers of

Canada than was done in any other country of the world. His record is a matter of history, and it should never be forgotten.

I should perhaps add that when Mr. Gordon was doing a big job as Chairman of the Wartime Prices and Trade Board, a forty-hour, or fifty-hour week was out of the question for him. I know that he worked sixty or seventy hours a week during the war years; and he is still working very long hours. He came up the hard way, and has always been used to work. Further, he has proved himself to be the friend of the ordinary people and to have their interests at heart, and any criticism of him in this respect has no foundation in fact. He has never spared himself in working in the interests of all the people, and thousands can testify to the kindness and sympathetic consideration shown by him when they had reason to discuss their problems with him.

As we know, Mr. Gordon recently evolved a sound and constructive plan for the re-organization of the finances of the Canadian National Railways. Anyone who has studied this plan cannot but realize what a help it will be to this great institution when it is put into effect. The plan should receive unanimous parliamentary support, because I believe that it will be a great step forward in the long history of the Canadian National Railways.

Turning to other matters, the government has been criticized in this chamber in relation to the increased cost of living. I know that one commodity which is of great importance as a food, and which is produced in my part of the country, has not gone up in price. Fish prices along the Atlantic coast, particularly in the Bay of Fundy area, have been stable for a longtime. I refer to fish around the Bay of Fundy area. Many kinds of good fish can be purchased by consumers in different parts of Canada at very moderate prices, so I can assure this house that the fishing industry of New Brunswick and, I believe, that of the other Maritime Provinces is not raising the cost of living by any general increase of prices. What we need in the Maritimes, of course, is a larger export market. We purchase the great majority of our manufactured products from central Canada, and in order to pay for these products we must export.

Last year I called the attention of the house to the disruption of Commonwealth trade by all the restrictions imposed on it by the sterling bloc, led by the United Kingdom government. I gave the loss of our West Indies trade as an outstanding example of this disruption.

More than a year ago I spoke out strongly against Empire countries getting mixed up in barter deals with Iron Curtain countries. From my long experience, in trading around the globe and in viewing world conditions, I felt that no real good could come of such deals, and that such schemes would be very disruptive to Empire trade; in other words, that those who sowed the wind would reap the whirlwind. And that is just what has happened, for the piper must be paid. No wonder the Right Honourable Mr. Churchill has raised his great voice against such trading, and that his voice has echoed throughout the Empire and the United States. The situation must certainly be embarrassing to the socialists of Great Britain, because press despatches inform us that the Soviets are calling for payment of their end of the deal. They are asking for and receiving such essential commodities as tin, rubber, wool, special machinery, and machine tools used in the construction of tanks and other war machines. I may say that machine tools are a scarce article throughout the world today. In this connection it has just been brought to my notice that Craven Brothers, the second largest engineering firm in Great Britain, has stated that it has a \$2,800,000 order from Russia for machine tools, and for three years it cannot contribute a single pin towards Britain's defence production.

No doubt a lot of the goods I have mentioned which are shipped out in this way are being stockpiled for future use, and for no good purpose. Through these deals the dictator states can also easily supply themselves indirectly with pounds and dollars to pay their Fifth Column, which thrives among us. The rouble would not be any good for such payments, and dollars and pounds must be had. It is self-evident that communists spend millions to spread their propaganda throughout the world, especially in the democracies; and they need a big payroll to meet the demands of their spies and sympathizers in general and to pay for value received. So the democracies obligingly open the tap which enables the communists to conveniently get the right kind of money for their nefarious work, including the encouragement of aggression in certain places, which is costing us dearly.

The Soviets and their satellites have nothing whatever to offer in trade that cannot be procured within our commonwealth. I am thinking of lumber, fish, and coarse grains which are surplus commodities within the Empire. These are the kinds of goods that are being supplied by Russia and her friends in the barter deals to which I have referred. I know from experience that trade between

communistic countries and democratic countries will not work. The two forms of trade will not mix. The communists will only trade one way, and that is their own way by barter deals. They have no idea whatever of mutually beneficial trading, and it is beyond comprehension why any democracy should play the communistic game in trading, for it always ends in disruption as far as the other party is concerned. The freedom-loving nations of the world have a great advantage, because they have everything they need for good living among themselves, be they at peace or at war. The dictator states trade with the democracies for one reason only—to get something essential that they cannot produce at home. As I have already stated, mutual benefits do not come into the picture, so why should any democracy accommodate the dictator states when it is self-evident they are out to do everything they can to spread disruption and ruin among the Christian democracies?

The British Empire has the potential for being the greatest territorial trading unit the world has ever seen. It has command over more commodities used in world trade than has any other group. But Empire trade, especially as far as this country is concerned, has been gradually disintegrating, and barter deals with rank outsiders have contributed mightily to this.

There are three worlds today as far as international trade is concerned: the dollar world, the rouble world and the sterling world. The democratic peoples are divided and are not standing together, as they should, in a way that would provide a great and prosperous trade that would raise the standards of living for freedom loving nations. As the great Sir John Boyd Orr has stated, it is hard indeed to build peace where there are empty stomachs.

With conditions in the world as they are today, I cannot emphasize too greatly the need for the freedom loving nations to work in the closest possible unison both in defence and in trade. Great objectives will be reached if they do this because when democracies trade they strive to confer benefits which are mutual and which mean prosperity for both, whereas the communist nations want every advantage for themselves and are delighted when they can spread embarrassment and disruption among those who believe in the democratic way of life.

I should like to discuss one more phase of our Empire trade situation. The question might be asked: Was there any real need for those barter deals which so upset and disrupted commonwealth trade and which are now proving so embarrassing? My

answer is that there certainly was not. Our commonwealth is no Sahara Desert: we have the raw materials, so why not produce and distribute the goods?

Let us enumerate the commodities which form the real basis of international trade: wheat, rice, other coarse grain, cotton, wool, steel, base metals, precious metals, minerals, fish, lumber, oil, rubber, sugar, livestock—including leather—beverages, fruit, vegetables, dairy products, fats and coal. If we look around and take stock we will find that the British Empire, with a possible shortage in oil and cotton, can produce about all of these commodities, so essential to good living. Since the loss of Egypt the cotton supply within the Empire has not been great; but if Alberta comes through with oil, as we believe it will, our supply of that commodity will be solved for this generation anyway.

We can safely say that the English-speaking world has everything it needs now for a prosperous trade, so why should we go out of our way to play the communistic game? The barriers that have been set up against Empire trade are man-made, artificial, and are mighty shortsighted, and we are going to pay dearly for them. The excuse that the friendly markets of the Empire had to be forsaken and that deals with hostile countries were necessary because in those countries dollars were unavailable to purchase certain needed commodities, does not hold water at all. In fact, such reasoning is far from common sense. In the first place it was self-evident to anyone with experience in world trade just what the communists would want in return, and how embarrassing it might be to fulfil Soviet requirements. This is the way it has turned out.

In the second place, how could any democratic nation hold up the dignity of labour and accept goods from a nation who was producing them with the help of slave labour to the extent of thirteen or fourteen millions of people? According to the press these people went without a clothing or bedding allowance, and received only a pound and a half of black bread per day plus two bowls of barley soup, without fats. Possibly the nigger in the woodpile is the fact that Russian goods produced by slave labour were cheaper. That would certainly be an ignoble reason, and one that could not be defended.

As to the stock answer that dollars were not available for trade with Canada, let me tell honourable senators that there were plenty of dollar reserves from which to draw. England holds nearly a billion and three-quarters' worth of Canadian securities that could be turned into dollars over night. The dollar problem is one of financial bookkeeping: it is entirely artificial. Both the Old

Country and Canada are paying financial experts large salaries, so does anyone mean to say that there would be any difficulty in working out a plan whereby a billion or more dollars could have been placed in this country as a commercial trade credit for England and the Empire for the purchase of lumber, fish, coarse grains and many other commodities that we produce, and which are now supplied by Russia? It would be a simple transaction, and it could have been put through at a very low rate of interest, if any, because the ordinary profit of trade would furnish due compensation. The economic problem of any country is a matter for its own citizens first, and the initial sacrifice, if any, should be made by them. Enough Canadian securities held in England could have been pooled in the Bank of England to cover a loan that would have entirely supplied all the dollars needed, and our Commonwealth could have kept out of these obnoxious barter schemes that have so disrupted and embarrassed it.

I think Canada could show greater leadership in the promotion of empire trade. After all, this country is First Mate on the Empire ship. Take a look at Australia—a country rich in natural resources and with an assured future. It has a great people. The result of the present war in the Pacific means everything to them, and their airplane pilots have been in the front line since the start of the fighting in Korea. Australia is going through an emergency period, but the country's credit is gilt edged. For years United States loans have been made to Australia, and they have always been paid. Australian bonds are listed on Wall Street and have a fine rating. Recently when Prime Minister Menzies was in the United States he arranged a further loan of \$300 million, which of course will be spent in that country. I do not know whether or not he intimated to Canada that a credit would be appreciated. There is an old saying that a person seeking a loan will usually apply to an outsider rather than to a relative, for he thinks his relatives know of his situation, and, that if they can help they should volunteer to do so. We should give credit to Australia if it is needed. Also, if a credit in Canadian dollars will help South Africa or our own West Indies, we should not wait for any one of these great countries to come to us hat in hand. We should offer them immediate aid, if it is required, for we know that the future of every one of them is beyond imagination. They have real wealth, which is what counts; and their people have a way of life like ours, and desire to defend the same institutions that we love. Any loans made to these parts of the empire would be one of the best and most far-sighted investments that this country could make. They would contribute greatly to the building up of empire

trade and defence, and would strengthen considerably the good will between us and our sister nations in the commonwealth of which we are all so proud.

**Hon. Mr. Beaubien:** Honourable senators, I move the adjournment of the debate.

The motion was agreed to.

**BUSINESS OF THE SENATE**

**Hon. Mr. Robertson:** Honourable senators, I am not so optimistic as I was earlier that there may be any definite news for us by 5.30. However, it might be well to meet then, so that if by any chance the Canadian Forces Bill has in the meantime come over from the other house we could consider it at once and perhaps avoid the necessity for sitting tomorrow morning.

I move that we adjourn during pleasure, to reassemble at the call of the bell, at approximately 5.30.

The Senate adjourned during pleasure.

The sitting was resumed.

**Hon. Mr. Robertson:** Honourable senators, after making what inquiries I could as to whether the legislation will reach this house tonight, I have come to the conclusion that this is unlikely, and that no harm would be done to the public interest by our adjourning until tomorrow morning.

I move, therefore, that when this house adjourns it stand adjourned until tomorrow morning at 11 o'clock.

The motion was agreed to.

The Senate adjourned until tomorrow at 11 a.m.

THE SENATE

Saturday, September 9, 1950

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers and routine proceedings.

DEFENCE APPROPRIATION BILL

FIRST READING

A message was received from the House of Commons with Bill 2, an Act for granting His Majesty aid for national defence and security.

The bill was read the first time.

SECOND READING POSTPONED

**The Hon. the Speaker:** When shall the bill be read the second time?

**Hon. Wishart McL. Robertson:** Honourable senators, I would ask that this bill be given second reading at the next sitting of the house.

Honourable senators will recall that a few days ago I suggested to the house that the bill be referred to the Special Committee on Legislation.

For the information of the house I may say that within a few minutes a second bill, an Act respecting the Canadian Forces, will be presented for our consideration, whereupon, I should like, with the consent of the house, to have it proceeded with at once. The special committee is scheduled to meet if and when the house has seen fit to give this bill second reading, and the Minister of National Defence will be present to answer any questions or supply any information with regard to it.

I have a further suggestion to make. The Minister of National Defence wishes to attend a meeting of veterans in Winnipeg tomorrow, and he intimated to me that it would be out of the question for him to be here early next week in order to attend a meeting of the Senate committee dealing with the Appropriation Bill. On the other hand, he said he would be very happy to attend today in order to answer questions about the Appropriation Bill as well as the Armed Forces Bill. In this way the business of the Senate would be facilitated.

**Hon. Mr. Haig:** Honourable senators, I am in entire agreement with the proposal of the honourable leader of the government (Hon. Mr. Robertson). When a meeting of veterans is being held in such an important city as Winnipeg, it is only proper that the Minister of National Defence should be there.

**Hon. Mr. Robertson:** Perhaps we should protect the minister against himself, and not fall in with his plans.

**Some Hon. Senators:** Oh, oh.

The second reading was postponed.

CANADIAN FORCES BILL

FIRST READING

A message was received from the House of Commons with Bill 3, an Act respecting the Canadian Forces.

The bill was read the first time.

SECOND READING

**The Hon. the Speaker:** When shall this bill be read the second time?

**Hon. Mr. Robertson:** With leave of the Senate, now. I have asked the honourable gentleman from Carleton (Hon. Mr. Fogo) to handle this bill.

**Hon. J. Gordon Fogo** moved the second reading of the bill.

He said: Honourable senators, it must be a matter of deep concern and regret that you meet here at this time to consider a situation which makes Canada a party in what is now a localized war, but which may possibly result in a further major conflict.

It is not so long ago, some thirty or thirty-five years, that Canada took part in a war against German militarism, the destruction of which we all hoped would lead to a period of peace. Following that struggle the League of Nations was set up for the purpose of preventing, if possible, any future war. That it failed to do so was perhaps caused by the fact that it did not command the full support of all the great powers, including the United States.

In 1939 Canada was again plunged into a world struggle. This time it was against dictators and the dangers of Fascist domination of the world. When the dictators and their armies were destroyed and broken, again the war-weary world met to try to devise a means of avoiding a repetition of such a struggle. Everyone believed that the time had arrived when international disputes could be settled by some other means than war. Consequently the United Nations Organization was set up, and among its objectives, the provision of security against aggression was one of the most important. The rise of communism and the obstructionist tactics followed by the representatives of the Soviet Russia in the Security Council have served largely to prevent the United Nations Organization from carrying out its objectives respecting the control of aggression, the veto power from time

to time exercised by the Soviets rendering the Security Council impotent. So strong was the feeling about this that during the past year many people had almost come to the conclusion that the United Nations Organization was, as the League of Nations had been, doomed to failure. Some persons even went so far as to suggest the creation of some other organization from which Russia and its satellites would be excluded. The failure to provide means to meet or repel aggression caused Canada and other friendly nations to join together in what subsequently became the North Atlantic Treaty, which we all know is designed for the protection of ourselves against the threat of communism.

The sudden invasion of Southern Korea by the communist forces of the north, armed with Russian weapons, happened fortuitously at a time when the Security Council was sitting and the representatives of Soviet Russia were absent, they having previously walked out in protest. It was also fortunate that at the particular time of this aggression a United Nations commission was actually sitting in Seoul in Korea and was able to give promptly a first-hand report of what had happened. Consequently the Security Council had reliable information on which to act, and it took prompt action to repel this armed attack and to restore international peace and security. Fortunately again, one of the great friendly powers, the United States, was so situated in the Pacific as to be able to place forces on the Korean front immediately, and, with aid from Australia, they undertook to meet the invader.

This example of leadership on the part of a great nation such as the United States gives us heart, I think, and removes the temptation to fear that the United Nations Organization is going "out the window"; and the views of the world with regard to United Nations may now change. This action of the United States, supported as it will be by other members of the United Nations, may as it were be a milestone in the organization's history and convince aggressors that if they invade neighbouring territory they will bring down upon themselves the combined forces of nations who are interested in the preservation of peace.

As a member of the United Nations and a signer of the North Atlantic Treaty, Canada had already undertaken defence expenditures far greater than she had ever incurred for defence purposes in so-called peace time. We all remember the vast amounts which were voted at the last session of parliament. The policy of Canada—it was discussed at length at the time and everyone seemed to be

familiar with it and to agree with it—was, first, to safeguard the defences of our own country; and, second, to provide machinery for raising and equipping a civilian force in the event of all-out war, instead of maintaining a standing army.

The Korean situation therefore presented an immediate and serious problem to Canada, for we were not organized to participate in such a campaign. We were able, however, to send to the East certain units of the navy which were then in the Pacific Ocean; we also directed the transport section of our air force to take part in the important task of maintaining the supply lines of the forces in Korea, which was no small undertaking. With no ground troops available, the government decided to raise a special force for service in Korea, or elsewhere as required. The response to the appeal for volunteers for this force was remarkable, and within two weeks the original establishment was raised, and as recently announced by the minister in the other place, 3,000 replacements—the number may be greater now—have been enlisted and are under training. At the outbreak of the Korean affair the total authorized strength of all three Canadian forces was 50,912. This has been increased by 40 per cent, which would bring the total to 69,160. The minister said, when he spoke a few days ago, that the strength of the armed forces had then reached 56,962.

While there are some who would stand on the sidelines and criticize the government for not taking stronger action, I feel free to say that we have no reason to be ashamed of what Canada is doing. In the past she has always done her part, and today is living up to that record. I am convinced that what has been undertaken by the government has the support of the vast majority of the Canadian people.

Furthermore, Canada is indeed fortunate in having as her Minister of National Defence the Honourable Brooke Claxton.

**Some Hon. Senators:** Hear, hear.

**Hon. Mr. Fogo:** It may well be that the portfolio of Minister of Militia and Defence in the years gone by was a sinecure; but no one would suggest that the Minister of National Defence today has an easy task. Mr. Claxton brings to this onerous position sound judgment, tremendous energy and perseverance. Further, he has the advantage of having served in the armed forces as a non-commissioned officer. This experience gives him firsthand knowledge of the problems of the men in the ranks. On many occasions

within recent months Mr. Claxton has demonstrated his remarkable grasp of departmental affairs. Again I say, Canada is fortunate in her choice of Minister of National Defence.

The bill now before the house is intended to enable the government to place Canadian forces on active service, in accordance with the circumstances therein described. Honourable senators will recall that considerable attention was given not long ago to the National Defence Bill. During the careful consideration of that bill no one anticipated the early change in the international scene, which has since taken place. It is the experience of every lawyer that no matter how much wisdom is brought to bear on the consideration of a particular document, there are still contingencies that one cannot be prepared to meet. This sudden aggression is a contingency of that nature.

Honourable senators will recall that the National Defence Act provides that Canadian forces can only be placed on active service in an "emergency", which is defined as "war, invasion, riot or insurrection, real or apprehended". Though no such emergency exists at the present time, it obviously has become desirable and necessary that certain parts of the Canadian forces be placed on active service.

The bill before us provides that any part of the Canadian armed forces may in the future be placed on active service, not only in an emergency as defined by the National Defence Act, but also by reason of Canada's commitments under the United Nations Charter, The North Atlantic Treaty, or any other instrument for collective defence by which Canada is bound. That is the first important operative part of the bill.

Secondly, the bill provides that the services of short-term personnel, who are entitled to release at the expiration of their terms, may be retained while they are on active service or while an emergency exists, and for one year thereafter.

The third important provision has to do with pensions. The regular career soldier, who comes under the provisions of the Defence Services Pension Act, contributes about 5 per cent of his pay for pension purposes. The bill contains an amendment by which persons enrolled for special services shall be excluded from the provisions of that Act.

The last important provision in the bill is designed to enable the government to extend certain benefits of the veterans legislation now applicable to veterans of World

War II, to those who participate in any action under an international agreement. By this method parliament avoids the complicated procedure of amending all the statutes affected to make them apply to the special service force.

Section 8 of the bill provides that this Act shall be deemed to have come into force as of July 5, 1950, which is the date upon which the three Canadian destroyers now serving in the Pacific sailed from Canada.

**Hon. John T. Haig:** Honourable members, I shall be as brief as possible. It is agreed by all, I am sure, that the passage of the bill now before us is necessary to authorize the sending of a Canadian force outside the dominion. Therefore, I can see very little objection to it.

The introductory remarks of my honourable friend from Carleton (Hon. Mr. Fogo) brought clearly to my mind the feeling that has existed in Canada since June 25. Everyone was shocked at that time to hear that North Korea had attacked South Korea in a deliberate attempt to crush that part of the country. We knew that by agreement Russia was supposed to look after North Korea.

The honourable senator from New Westminster (Hon. Mr. Reid) recently gave us a splendid account of the Korean situation prior to the Great War. He explained how the 38th parallel had been the dividing line between North and South Korea for over one hundred years.

Fortunately, when North Koreans attacked South Korea on June 25 of this year there were two bodies in existence. The first was the United Nations Commission which was examining the situation in Korea, and therefore was able at once to give an unprejudiced account of what had happened; the second was the United Nations organization itself. My honourable friend from Carleton (Hon. Mr. Fogo) gave a brief history of world events from World War I to this day. We know how the United Nations organization was formed at San Francisco in 1945. Even at that time a great many of us thought that it was a great mistake to give the veto right to the five great world powers; but we were told that otherwise it would have been impossible to get either Russia or the United States to join the United Nations. When I attended the second session of the United Nations in New York in 1946, I think I learned why both the United States and Russia might have felt the need for the veto power. I do not think it was anticipated that the veto would be used as it has been, but the great powers, especially the United States, were afraid that a number of small nations, by combining their votes, could compel one of

the great powers to do something it did not think should be done in the interests of world peace. That is why the five great powers were given the veto right. At that time an alternative suggestion was made to the effect that certain powers should be given more votes than others in the deliberations of the General Assembly or the Security Council, but this proposal was not accepted.

In June 1950 the Russian representative was absent from the meetings of the Security Council of the United Nations, and when the Korean situation arose the attending delegates authorized the United Nations to go to war to try and stop the aggressors. I think everyone knows that if Russia had been represented at those meetings of the Security Council there would have been no such action. The Russians would have vetoed it. This was proven just recently when the Russian delegates vetoed every move that would hinder the Northern Koreans. A day or two ago the Security Council members voted seven to one in favour of adopting a certain measure, but Russia used her veto power to block it. If this is the true picture of either the Security Council or the General Assembly, I think the United Nations fails to fulfil its real purpose. I do say, however, that the United Nations meetings have proven to the world just where the Russians stand, and that they could never be educated in any other way.

I am glad that the government has again adopted the policy of sending members of the opposition parties to the meetings of the United Nations. When I attended the council meetings I learned that Russia's real attitude was to make use of the slightest pretext and do everything she could to block any action being taken by the United Nations. Let me give you an illustration of what I mean. The United Nations Charter provides that when certain committees are to be formed there is to be a meeting. For instance, it took fifteen meetings to elect the International Court. Then the question arose whether the members of that court had been legally appointed, because the charter provides that they be appointed at a meeting. So the General Assembly asked the Committee on Legal Affairs, which is one of the standing committees, to define the word "meeting". Fifty-one representatives, including Russia's, discussed this question from 3 o'clock in the afternoon until about seven at night. By that time we unanimously agreed—and I may say to my honourable friend from Blaine Lake (Hon. Mr. Horner) that we were all lawyers—what the definition should be. The next day the minutes came up for ratification and were read by the secretary. The Russian representative who had agreed to the minutes the day before had been replaced, and his successor took forty-eight minutes to tell us that

the minutes as read by the secretary did not represent what the committee had agreed upon. It took fifty minutes to translate his speech into French and forty-five minutes to translate it into English, and we had to sit and listen all afternoon to his tirade. Then the United States delegate moved that four words be struck out and replaced by four other words. This was done to clarify the text and not to change its meaning. This motion was seconded by the delegate from the United Kingdom, and after further discussion a vote was finally taken. I had been very active in the drafting of the definition of "meeting", and my advisers, whom the Canadian government always supplies to its delegates, suggested that I should vote against the amendment. They said to me, "You were active in writing the definition so you should vote for it as originally drafted. So I voted with the Russians and her six satellites, and the vote carried thirty-seven to eight. The Byelorussians, or White Russians, sat next to us, and one of their delegates turned to me and said, "My God, you voted against the United Kingdom". I did not know whether he could understand English so, turning to his interpreter, I said: "Tell your friend that we in Canada never vote for the United Kingdom or the United States or any other country which we consider to be taking a wrong action. We vote for the side that we think is right." Luckily for me, the United States was on the same side as we were. I tell that story to point up the fact that after we had unanimously come to an agreement there was a deliberate blockade by the Russians. It is hard to believe that such a thing could happen, but the record proves that it did.

I am one of those who think we should continue to support the United Nations. I have been frank to admit the difficulties facing the organization, but I still think that if we avoid war—I am afraid we shall not—the common sense of the Russian people will in time assert itself and that they will be just as active as we in trying to maintain a forum—whether it be known as the United Nations or by some other name—where the people of the world can discuss their problems. I know that in this house one sometimes changes his views because of some point brought out in a debate. When you hear the other fellow's side you sometimes say to yourself, "I did not think of that point, and there is something to it."

Now I pass on to a criticism of the government. Regardless of what my honourable friend from Carleton (Hon. Mr. Fogo) says, the people of Canada know that since 1945 we have spent \$1½ billion for military purposes, but that on the 14th of July, when the United Nations asked us to send some ground forces to Korea, we were unable to do so. We

are told that we had 10,000 men trained as paratroopers and soldiers, but that it was necessary to keep them here for the protection of our own country. I seriously challenge that statement. If we allow our side to lose the war in Korea, the next move by the communists will be made in some other country—maybe Iran or Yugoslavia or Germany. They will keep on applying the Hitler tactics and attack in soft places.

It is not a sufficient answer for the government to say that we have 10,000 trained soldiers in this country. Trained men were what MacArthur asked for. He wanted ground forces that could be thrown into action, if necessary. Many people are opposed to the sending of Canadians abroad for that purpose, but I believe that the majority wonder why, after all this splurge of spending on military effort, we were not able to put any men into the field; and if we had, we would not have been able to equip them. I do not say the money has been improperly spent, but I think it has been spent foolishly.

**Hon. Mr. Aseltine:** What is the difference?

**Hon. Mr. Haig:** There is no difference.

I am not so favourably impressed as is my honourable friend opposite by the Minister of National Defence. I am afraid that when the minister took over his present department he had the idea that never again would it become necessary for us to go to war, or, if events proved differently, that there would be a space of six or eight months or more in which forces could be trained for dispatch to wherever they might be needed, and that in these circumstances we should in the meantime simply maintain a small force. But the Russians were bound that things would not happen in that way. Apparently United States policy was largely similar to ours. I am not criticizing that country, for I have no right to do so, but I recall that about the middle of June the United States Secretary of War declared that his country was ready to fight any nation on earth. Ready! It was not ready at all.

I come back to our own situation. Although the Secretary General of the United Nations called for help in Korea on the 14th of July, we did not do anything at all till the 7th of August. Why? We knew that our action would be closely watched all over the world. Canada is one of the great free nations, the country that would be regarded by Russia as the best prize for conquest, and the country that it would be easiest for Russia to seize in an overland attack. Yet when the call came for help we were not ready at all, and we did not do anything for more than three weeks—

for twenty-four days—and then we called for volunteers. Of course we got some right away.

The people of this country are disturbed about this situation. They realize that we are not going to be allowed six or eight months to prepare for defence. If Russia decides to attack Canada or the United States, she will be too clever to give us a chance like that. And in the United States there is a veritable revolution over the national unpreparedness for a world war. Think of it! Just the other day General MacArthur, the leader of the United Nations forces in Korea, had to call for more ground forces in order to help him hold the line. I hope he can hold it, but I am not sure. In these circumstances I do not think that any member of this house or of the other house has a right to be complacent and to say that the Minister of National Defence has done a fine job. My feeling is that that attitude is not justified.

I am glad that we sent at least some destroyers to Korea and furnished some airplanes to transport supplies. It is not a very big effort for a country that for the last ten years has been describing itself as one of the great middle nations. We wanted to be leader of the middle nations. Leader! Even Siam is sending men to Korea; and Australia, with only a third of our population, has got forces there. These facts make Canadians fear that the United States will form a very bad opinion of this country. We talk bravely of how we have stood by the United States, how we are part of the freedom-loving people of the world; yet when a cold-blooded and totally unjustified attack was made on freedom, the best we could do was to send three destroyers for naval duty and twelve airplanes for the carriage of supplies. The government has stated that we could not send any men for at least six months. Well, the struggle will be decided before then.

I say again that that situation is worrying Canadians. It is no wonder that the other house has had some hot debates about our lack of action. The representatives of the people, like the people themselves, are really disturbed by the fact that after all the money we have spent the only response we could make to the United Nations call for help was three destroyers and a dozen airplanes.

I am willing to vote for the bill, and I presume that every member of this house will do so, because I am sure that all of them are as keen as I am to see that Canada does everything it can to put down this aggression. It is the first time in my experience that an aggressor nation has not attempted

to justify or explain its action. In World War I Germany attempted to justify her action by saying that it was bound to assist her partner, Austria. I do not think that Germany's conduct was justifiable, but at least she recognized the necessity of trying to appease public opinion. And even Hitler sought to justify his war policy to the world by contending that he had no option but to attack Poland and other countries because they were getting ready to move in on Germany.

We and the other democracies were caught unprepared in World War II, and we made up our minds that we would be ready in the event of another outbreak of aggression. When parliament at the last session was asked to vote \$425 million for defence purposes the honourable leader of this house said that Canada must be ready to meet aggression wherever it arose. The ink was hardly dry on his remarks in *Hansard* when there was a cold and unprovoked aggression in Korea. The attack was in no way justified; there were no foreign troops in Southern Korea. The Americans had been there two years previously, but they had all left. The forces of North Korea hoped to overrun South Korea within a month; and I have no doubt that Russia expected that the United States, because of distance, would not interfere with the campaign.

As the honourable senator from Carleton (Hon. Mr. Fogo) has just said, had the United States been without military strength, and had Australia not been ready to lend valuable assistance, South Korea would have shortly been conquered. Then if any other country attempted to move, it would be regarded as an act of aggression.

I enjoyed the historical sketch given a few days ago by the honourable gentleman from New Westminster (Hon. Mr. Reid). It becomes obvious that if we of the West do not win in Korea we shall surely lose face and forgo the sympathy and help of the people of that part of the world in our struggle against communism.

We must not forget that military defence against Russian aggression is no tea party. We are not now dealing with the Germans who, though fierce in their offensive knew something about world conditions. The Russians do not.

Honourable members, perhaps I do not need to say more than that I intend to vote for the bill, but I may add that I am pleased that the government saw fit to call parliament into session quickly. My only complaint is that parliament could have been reassembled even earlier than it was. True, the immediate reason for our return was the railway strike,

which was a very important matter as far as the people of Canada were concerned. In my opinion parliament should have been recalled on July 15, the day after Trygve Lie asked for reinforcements for ground troops, and failed to get them. The government could then have given us the facts, and asked for our advice in the matter. Of course everyone knew at that time that Canada would have to prepare a force for the Korean campaign, but had it not been for the railway strike parliament would not have been recalled before October 1.

We are a quiet, peace-loving nation, and we think that our freedom, our prosperity and our standard of living are an answer to all the communist propaganda in this country and elsewhere. But we saw a demonstration on the steps of the parliament buildings the other day which rather shocked our complacency. There we saw a young Canadian, a graduate of one of our universities, a man whose father and uncle were distinguished missionaries and church leaders, at the head of a crowd of people who would overthrow the government by force. We sometimes see that sort of thing in Canada today, and yet people just shrug their shoulders and pass it by without concern. I entirely agree with the statement made by the Minister of External Affairs some time ago about the leaders of these communist sympathizers. The sooner Canada takes some positive action against this type of person, the sooner Russia will appreciate our stand.

I give the bill my full support, I trust that it will shortly go to committee, and that before the sun sets tonight it will become law.

**Hon. Thomas Reid:** Honourable senators, without delaying the house unduly I should like to discuss for a moment or two some remarks made by the honourable leader opposite (Hon. Mr. Haig). He reminds me of a vociferous critic of the government in another place who suggests that Canada should be ready at all times to meet world situations everywhere, forgetting that she has a population of only 14 million people.

I have every confidence that Canada will do her part within the United Nations organization, but we should take note of the practical way in which Russia has moved along. For instance in North Korea, as far as I know, there are no Russian troops taking part in the campaign. Russia has merely helped and trained the Koreans.

**Hon. Mr. Quinn:** What about the Red Star plane that was shot down the other day?

**Hon. Mr. Reid:** That is only one plane.

**Hon. Mr. Quinn:** But there are more where it came from.

**Hon. Mr. Reid:** That may well be true. I just wish to call the attention of the house to the fact that Russia has used other people to fight her battles, and that if we are going to be practical we should give consideration to the re-arming of Germany and perhaps of Japan. Korea has a population of 30 million, and I do not think our small nation of 14 million should be asked to send manpower in numbers comparable to those which Korea is capable of supplying. We should assist in training and equipping Southern Korea's millions to fight for their own land.

I should like to have heard the honourable opposition leader give some credit to the Royal Canadian Air Force for its service to Korea thus far. The American people are now paying tribute to the personnel of the R.C.A.F., who are performing the astounding feat of providing an airlift over the Aleutian Islands to Japan and thence into Korea. This operation is, as I say, now receiving full credit from people of the United States. The efficiency of our airmen over this perilous route astounds them, hence their admiration.

My main purpose in rising at this time is to express an opinion as to the likely outcome of the Korean affair. One of the best ways of gaining perspective is by reading history. Men who follow a military career are or should be, required to read the history of battles from the early days up to the present time. The basic strategy of fighting or of battles has not changed much because mankind has not changed. Therefore, a military commander familiar with the history of the past has some idea of what he may expect in battle today. My opinion is that Russia knows what she is doing, and that her delegate was deliberately absent from the meeting of the United Nations when the question of Korean aggression came up. I say that Russia knew full well that her veto could stop any official resistance by the United Nations in Korea. In the light of all the circumstances I am not sure that Russia will allow the United Nations to win in South Korea. As I have said before, Russia wants Korea, and always has; it is part of her imperialistic plan. She is not going to be accused of starting the war, but in my opinion she has set a trap into which the western nations have fallen.

I appeal to honourable senators and the country as a whole to stop talking, before it is too late, about such things as an extra cent on the cost of a bottle of pop or a chocolate bar. In my opinion the Western World is faced with its greatest crisis—that of the tremendous might of the most ruthless nation on earth. Russia knows where she is going, and intends, if possible, to get there. I am afraid that this beginning in Korea is just what Russia wants, and that she is not

going to sit idly by and watch Korea taken from under her. In her vast imperialistic march, which she carries on under the name of Stalinism or communism, she needs Korea. Honourable senators, as I said the other day, when the inside story is told it will be realized that Canada's part in Korea compares favourably with that played by any other nation. It is true that Great Britain has despatched troops to Korea, but those troops were available in Hong Kong. Canada is not far behind. I disagree with the opinion which exists in some quarters of the other place that Canada, with only 14 million people, should drain her manpower by sending troops to every trouble spot in the world. I think we should assist these other countries to arm, so that they can help fight their own battles. We can and should, of course, help them with our manpower too. We should also use our great industrial might to this end.

**Hon. Mr. Horner:** May I ask the honourable senator what responsibility Canada has assumed under the Atlantic Pact?

**Hon. Mr. Reid:** Canada has assumed her duties just the same as other members of the Atlantic Pact. Where has she fallen down?

**Hon. Mr. Horner:** Right here.

**Hon. Mr. Reid:** That is your opinion, not mine.

**Hon. Mr. R. B. Horner:** Honourable senators, I hesitate to say anything at this time, but it is the duty, and indeed the privilege, of those of us in this chamber to express our opinions on these important matters. At the outset let me say that I am expressing my own opinions.

The honourable senator from New Westminster (Hon. Mr. Reid) has pointed out the seriousness of the Korean situation. Honourable members will recall that when we were discussing the raising of armed forces to fight under the United Nations flag, I asked how those forces were to be raised. It is my humble opinion that if we are to be associated with the United States in the North Atlantic Pact, we should adopt a draft system similar to theirs. In fact, I think all nations who are members of the Atlantic Pact should adopt a draft system to raise their part of a United Nations force. It has always been my opinion that conscription is the only fair method by which to raise an army.

Those who are now volunteering for the Canadian forces are not signing up just for the duration of the Korean emergency. They are liable for service until the expiration of one year after the emergency has ceased to exist. The parents of our eighteen, nineteen and twenty-year old youths must surely

realize what a burden of responsibility we are placing on these volunteers. I recall that last year the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) criticized those who suggested conscripting an army in Canada, just as is done in Europe. No one in Canada wants to do that, but we may very well be fighting armies raised and trained on that basis.

The honourable senator also spoke about the way children had been snatched from their homes in the First Great War. Well, in my community I know of no snatching of schoolboys that was done when this so-called conscription was in effect. A board made up of fathers of local families, men of all political beliefs, was established. A life-long friend of mine, who happens to be a staunch Liberal supporter, told me just recently that he had never had any complaint when he served on that board. Talk about snatching children for the army! Just look at what happened during the last war. One of the most humiliating and soul-stirring things was to give a university lad such a difficult examination that he would fail, and then turn his name over to the military authorities. Young men of military age were unable to secure employment unless they could get a certificate to the effect that they were unfit for military service. You may call that a voluntary system, but I have another name for it. I think it is a most disgraceful method. In my humble opinion this country should immediately institute a draft system similar to that being used in the United States.

Honourable senators, I do not intend to say anything more. I just wanted to express my opinion on the raising of our armed forces.

**Hon. Wishart McL. Robertson:** Honourable senators, I should just like to refer to one remark made by the honourable leader opposite (Hon. Mr. Haig). He intimated that when I asked the house to consider the estimates for national defence, I had conveyed the impression that Canada's armed forces would not be ready to fight anywhere. If by any stretch of the imagination I gave the impression that in addition to the general organization of the armed forces across the country no forces would be raised beyond what is required for the defence of vital parts of Canada, and that such forces could not be moved immediately into some trouble spot, I certainly have no recollection of it whatever.

Our national defence structure is a very costly one, as was indicated by the remarks of my friend opposite. Hundreds of millions of dollars are being appropriated in this country, and billions of dollars in the United States, for defence purposes. This fact brings

home the fantastic cost of our armed forces. Rightly or wrongly the amounts voted by this parliament and by the American Congress are, as my honourable friend from Carleton (Hon. Mr. Fogo) pointed out, to provide for a relatively small number of Canadian and American land forces, to be immediately ready for action under any circumstances. The general plan of organization as respects national research, the navy, the air force and the army, is to provide for a force that in case of trouble could be immediately expanded into a larger civilian force. There is no doubt about that. If any honourable members opposite, or any persons outside this house, had any other impression, they certainly were not paying as much attention to public information as they should have been paying. If they felt that there should have been a material increase in our armed forces, they should have raised the question last year and not waited until now. Canada has acted calmly and, I think, with a due sense of its responsibility. It may be that the provision which is now being made will not prove sufficient for our requirements in the near future, but that is something which only the future can show. In the provisions which we formerly made for our armed forces there was, so far as I know, nothing at all which would indicate an intention to have a large land force trained and ready for dispatch abroad at a moment's notice.

**Hon. Felix P. Quinn:** Honourable members, I am not going to take long. I had not intended to say anything, but I cannot refrain from expressing my amazement at the attitude of the honourable member from New Westminster (Hon. Mr. Reid). It is impossible for me to follow the argument of the honourable gentleman, coming as he does from British Columbia, a province which would be the first in line of attack if Russia started an invasion. For him to advocate a policy of isolationism, a stay-at-home policy—

**Hon. Mr. Reid:** I rise to a point of order. I do not mind criticism of my remarks, but I object to having attributed to me words that I did not say. I never advocated isolationism.

**Hon. Mr. Quinn:** In the honourable gentleman's remarks there was not definite advocacy of isolationism, but the inference I drew from them was that he supported that policy. In drawing an inference I am following the precedent set the other day by the honourable senator from Vancouver South (Hon. Mr. Farris).

**Hon. Mr. Reid:** I never intended to advocate isolationism.

**Hon. Mr. Quinn:** All right. I leave it to the judgment of honourable members.

**Hon. Mr. Reid:** No. I ask that the remark be withdrawn. I am not going to let anyone get away with that.

**Hon. Mr. Quinn:** I will withdraw it, but honourable members will be able to read in *Hansard* a report of what was said. I am unable to understand the honourable gentleman's attitude. I agree with him in this, that the United Nations should help West Germany to arm, and I think they should assist in the arming of Japan also. I will go further and say that they should lend every possible assistance in the re-arming of Spain.

I am amazed sometimes when I hear the criticisms of Spain and Franco. People seem to forget that if it were not for Franco the whole of Spain and the mouth of the Mediterranean would have been dominated by Russia years ago. I ask honourable members to consider what might have happened in the last war if Russia had dominated the Mediterranean. My hat off to Franco! I believe that today he should be rendered every possible assistance. If Spain and every other anti-communist country bordering on the Atlantic were to come in with the rest of us who have signed the North Atlantic Treaty, the pact would have far more prestige and strength than at present. In the fight against communism we need the assistance of every anti-communist country, large and small. So let us do away with bigotry and national and religious hatred, and bring the whole anti-communist world into a united front.

I am heartily in accord with everything the leader of the opposition (Hon. Mr. Haig) has said today. I submit that he was justified in the criticisms he made. The people of this country cannot understand how it is that although, since the end of the last war, parliament has appropriated \$1,500 million for defence, there is nothing to show for all that money. When the Secretary General of the United Nations called upon member countries to support the United States forces in Korea, we were unable to respond with even a battalion. The government says that we have in this country 10,000 men, all trained for a certain purpose. Well, the need to serve that particular purpose may never arise and the training of these men may be of no avail. I submit that if we have trained men, at least a battalion or a regiment of them should have been sent to Korea. The dispatch of troops from this country to Korea would have strengthened the morale of the United States forces. Look at what happened when the British troops arrived in

Korea! The morale of the Americans rose at once, and as a result they fought better.

That is all I wish to say at this time. I intend to vote for the bill, because I believe we should do everything in our power to help in putting down aggression. Canada, as a member of the United Nations, is under an obligation, and when we were asked for assistance we should have given some.

**Hon. Arthur W. Roebuck:** Honourable senators, I have no objection at all to the demand for an accounting, at a time like this, of the expenditure of money on the provision of military defence in a period of peace. I think it is most salutary that every now and again the question should be raised, as it has been raised today, as to whether we have got value for the money spent. And it is wise for those who support the government to listen carefully to criticisms of what has been done. On the other hand, I like to be fair. I am unable to say whether or not every dollar has been spent wisely, for I do not know. In a big matter of this kind, one in my position must necessarily confess lack of knowledge.

What does strike me strongly just now is the reference back to speeches made by the leader of the government here (Hon. Mr. Robertson) and the leader of the opposition (Hon. Mr. Haig) at previous sessions when we were passing estimates for military expenditures. I believe I have a reasonably good memory, yet I cannot recall any occasion when the leader of the opposition stated that Canada should at all times maintain an expeditionary force prepared to embark, on 24 hours' notice, for a battlefield anywhere in the world. That is the proposition that is before us now by way of criticism. As I remember our discussion, we talked about the defence of Canada, the training of men in the north, the provision of flying forces capable of defending Canadian cities against attack from abroad, and so on. I have no recollection of hearing anyone in this house advocate—nor of reading that anyone in the other house advocated—that Canada should maintain an expeditionary force prepared to embark on 24 hours' notice to any part of the globe where trouble happened to occur. If in this country we have a defence force of a strength and standard commensurate with the money spent, I see no criticism to offer.

I often wonder why it takes so much time to train soldiers and to equip them, and of course I join with the leader of the opposition (Hon. Mr. Haig) in wishing that the time could be shortened. But I think my lack of knowledge of military matters is an element there. Though I do not understand why it is so, the fact is that the training and equipment of armed forces does take a long time, not only

here but in the United Kingdom, the United States, and other countries. The government cannot be criticized for that.

**Hon. Mrs. Fallis:** Will the honourable gentleman allow me to interrupt? The criticism is not as to the length of time it takes to train men, but as to the government's slowness in starting the training.

**Hon. Mr. Haig:** That is the point.

**Hon. Mr. Roebuck:** But we have been training forces for a long time.

**Hon. Mrs. Fallis:** I mean, for this special purpose.

**Hon. Mr. Roebuck:** There has been some talk of losing three weeks time in calling parliament together. True, we might have been called a little earlier, but I do not see where any time was lost as far as our military preparations were concerned. The cabinet was carrying on, and it did everything that parliament would have done had it been in session. Therefore, I do not see where the criticism lies.

**Hon. Mr. Horner:** I would point out that it was three weeks after a request was made for troops that any move was made to recruit a force in Canada.

The motion was agreed to, and the bill was read the second time.

#### THIRD READING

**The Hon. the Speaker:** Honourable senators, when shall the bill be read the third time?

**Hon. Mr. Robertson:** Honourable senators, I had expected that the debate on second reading would not have lasted as long as it has, and that the bill would have gone to committee earlier. I am advised that when the bill has been passed that Royal Assent may take place at either 12.45 or at 6 o'clock this evening. As I gave an undertaking that the bill would be referred to committee, I am entirely in the hands of the house as to the course we should follow.

**Hon. Mr. Haig:** May I make a suggestion to the honourable leader of the government? We have been told that the Minister of National Defence and the Minister of External

Affairs—I am more interested in his information—will be available to answer our questions. If the leader of the government will assure us that these men will appear before the committee later, I see no objection to the house giving third reading to the bill now.

**Some Hon. Senators:** Carried!

**Hon. Mr. Robertson:** I am quite happy to give that undertaking, but I must point out that it may not be possible for the Minister of National Defence to attend the committee meeting. Under those circumstances he would be represented by some one from his department. The Minister of External Affairs will be available, as the measure has to do with external affairs.

Honourable senators, I move that the bill be now read a third time.

The motion was agreed to, and the bill was read a third time, and passed.

#### THE ROYAL ASSENT

**The Hon. the Speaker** informed the Senate that he had received a communication from the Assistant Secretary to the Governor General, acquainting him that the Honourable Robert Taschereau, acting as Deputy of the Governor General, would proceed to the Senate Chamber this day at 12.45 p.m., for the purpose of giving Royal Assent to a bill.

The Senate adjourned during pleasure.

The Honourable Robert Taschereau, the Deputy of the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Speaker, the Honourable the Deputy of the Governor General was pleased to give the Royal Assent to the following bill:

An Act respecting the Canadian Forces.

The House of Commons withdrew.

The Honourable the Deputy of the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Monday, September 11, at 3 p.m.

THE SENATE

Monday, September 11, 1950

The Senate met at 3 p.m., the Acting Speaker (Hon. J. H. King, P.C.), in the Chair.

Prayers and routine proceedings.

RED RIVER FLOODS

MANITOBA RELIEF FUND

On the Orders of the Day:

**Hon. John T. Haig:** As the senior senator from Manitoba, I wish to take this opportunity to thank the Canadian parliament and the people of Canada and elsewhere for the very fine way in which they responded to the Manitoba Flood Relief Fund. The response by the people of North America, the United Kingdom, France and other countries was magnificent, and the amount raised was a little over eight and a quarter million dollars. This money is to rehabilitate the people of the Red River Valley who lost furniture and equipment in the flood disaster of last June.

Incidentally, it is rather interesting to note that all honourable gentlemen in this chamber from Manitoba come from the Red River Valley, so it must be a pretty important part of the province.

**Hon. Mr. McIntyre:** Perhaps that is the reason for the flood.

**Hon. Mr. Haig:** Well, honourable senators know the cause of the Great Flood; perhaps the cause of the Red River flood was the same.

I want to say that this relief fund is being ably administered. Perhaps there are one or two cases in which somebody is receiving a dollar too much or a dollar too little, but I have not heard a single word of complaint about the administration of the fund.

On behalf of the people of the Red River Valley, I also want to thank the provinces of Ontario and Quebec, and particularly the Province of Saskatchewan, for the magnificent way in which they opened their arms and took our people into their homes and hospitals. I can say without hesitation that not one cent of the money contributed to the Manitoba Flood Relief Fund is being wasted.

I may also say that I have not heard one single word of criticism about the action taken by the federal government with regard to the flood disaster. It appointed a very able man to administer its relief fund, and, as in the case of the Fraser River flood, it has undertaken to meet 75 per cent of the cost of rehabilitating the flood victims. As one

who comes from Manitoba I am not going to say anything about what our provincial government is doing. In fact, the less said about this the better.

Let me also thank the farmers of Prince Edward Island for the fine hogs they sent to the farmers of the Red River Valley who lost their stock in the flood. And to the farmers of Scotland, who sent out a number of pure-bred cattle to help replenish the dairy herds of the Red River Valley, we also say thank you.

DEFENCE APPROPRIATION BILL

SECOND READING

**Hon. Wishart McL. Robertson** moved the second reading of Bill 2, an Act for granting His Majesty aid for national defence and security.

He said: Honourable senators, this Appropriation Bill follows the form adopted during the last war, when over-all amounts were set out without any detail of the estimates which ordinarily accompany bills asking for the appropriation of public moneys. I propose to explain the large items, and if and when the house sees fit to give the bill second reading, I would suggest that it be referred to our Special Committee on Legislation, where detailed information will be available, if required. I have asked the Minister of External Affairs if he will be present, and he has agreed to come on very short notice. As the Minister of National Defence is away today, if the bill is sent to committee this afternoon an associate deputy minister will be on hand to answer any questions relating to facts. Of course, he will not be able to say anything as to policy.

The bill would provide the amounts of money that the government needs to finance its greatly increased defence program in the face of the present emergency. The total amount that would be voted is \$858,768,021. There are three main appropriations. The first, which is for \$142,200,200, would provide the additional sums that are needed by the services for the remainder of the current fiscal year. The second, amounting to \$409,257,821, may be used now by the services to make contractual commitments for future years. The Appropriation Act passed last session limited the contractual commitments that the services could make for future years to \$141,123,670. This bill would increase that figure by the amount I have mentioned.

The third appropriation amounts to \$300 million and is for the purpose of producing defence equipment and supplies for our own forces or for the forces of our allies under the North Atlantic Treaty. It will get under way the Canadian portion of that large

increase in the production of defence supplies and equipment which the North Atlantic Council has found to be so urgently needed. The money may be used to produce those things which the government, after receiving advice from the appropriate bodies created under the treaty, considers to be most needed and immediately useful in the common cause. This added production may be turned over to our own forces, either to increasing their holdings beyond the scale provided for under our present defence program or to provide replacements, or it may be made immediately available to our European allies. If it appears that these new arms can best be used by our European allies they will be dispatched to them without cost. It is impossible to tell at the present time what will be required to meet our North Atlantic commitments, but it is certain that this and probably more will be required within the next year and a half. The bill also provides that this appropriation will not lapse at the end of the current year, but may be used subsequently. This will ensure that production may proceed without delay or uncertainty. Adequate opportunity will of course be given for debate on this appropriation in the 1951 session.

I have covered the three main aspects of the bill. In addition, the measure provides for a sum of \$2 million, to meet expenditures of the Royal Canadian Mounted Police which will result by reason of their taking over of police duties in British Columbia and Newfoundland, through agreements with those two provinces. Though negotiations between the R.C.M.P. and the two provincial governments were in progress during the last session of parliament, a final agreement was not reached in time to enable this appropriation to be provided for at that session. As the policing services in these provinces have already commenced, the sum is included in this bill. A good deal of this money will be returned under the terms of the agreements with the two provinces. I would point out to honourable senators that in the light of the total appropriation the amount required for the policing services is not great, and except in indirect ways has nothing to do with our expenditures for military purposes. The two provinces in question have entered into agreements for the utilization of the services of the R.C.M.P., similar to those which exist between the federal government and certain other provinces. As members of the house know, the provincial authorities will pay a certain amount for the service; but I understand it is not sufficient to meet the total cost.

**Hon. Mr. Roebuck:** Is the sum mentioned in the bill the difference between the revenue and the cost, or is it the total expenditure?

**Hon. Mr. Robertson:** I am not quite sure, but I understand that the amount now to be voted would be offset by revenue from the provinces.

**Hon. Mr. Roebuck:** Then it is the gross amount.

**Hon. Mr. Robertson:** I think it is the gross. As I have said, I do not think the revenue from the provinces is sufficient to meet the total cost. On the other hand, because the duties are partly federal and partly provincial, it may well be difficult to distinguish the exact proportions.

**Hon. Mr. Reid:** Has the honourable leader any ideas of the amounts to be paid by these provinces for the services of the R.C.M.P.?

**Hon. Mr. Robertson:** Frankly, I do not know. Perhaps that information could be secured in committee. In any event, I understand that the payment is based on so much per member of the force supplied.

**Hon. Mr. Baird:** I think it is about \$1,400 per man.

**Hon. Mr. Robertson:** That may be so.

The bill authorizes the Governor General to borrow \$300 million. This has nothing to do with our North Atlantic commitments. From time to time additional borrowing power is needed, usually for short-term loans, because the timing of our cash requirements does not always coincide with the flow of revenue, on the one hand, or, on the other hand, with the most appropriate time to go to the market for large sums. Such an authorization is contained in almost every appropriation Act.

The bill also authorizes the Governor in Council to purchase defence supplies in Canada for the United States government, to the extent that that government undertakes to reimburse the Governor in Council. I am advised that the financial arrangements with the United States are on an entirely different basis from those with other allies, and that this really contemplates the financing of any undertakings which may have been entered into with the United States.

Subsection 2 of section 2 reads as follows:

His Majesty may incur commitments during the fiscal year ending the thirty-first day of March, 1951, for expenditures on the naval, army, and air services of the Canadian forces in subsequent fiscal years in amounts not exceeding a total of four hundred and nine million, two hundred and fifty-seven thousand, eight hundred and twenty-one dollars, in addition to the total amount of commitments for similar purposes specified in Schedule A to the Appropriation Act, No. 4, 1950.

A specific item in the bill refers to the commitments in connection with defence research and development, but I am not sure at the moment whether this amount is included in the larger one of \$409 million.

I have no further explanation to make at this time, but honourable senators may receive detailed information in the Special Committee on Legislation.

**Hon. John T. Haig:** Honourable senators, I have no criticism to make of the contemplated \$5 million expenditure on research. I also have no criticism to make of the \$2 million which is to be spent to defray the charges and expenses for the land services of the Royal Canadian Mounted Police. I am glad to see that British Columbia and Newfoundland are to use these services, because for many years now the R.C.M.P. have served the province of Manitoba in a highly satisfactory manner. I was a member of the Manitoba legislature when this system was first adopted, and I know that some people thought it would not work out. Some argued that there would be a clash between the Attorney-General of the province and the Attorney-General of the dominion in the administration of the police force in the province, but I have never heard of such a clash. I would recommend that every province in Canada should use the services of the Royal Canadian Mounted Police.

I have no criticism to make of the appropriation of \$142 million which is to organize and equip the Canadian armed forces, but I should like to be certain that the \$409 million referred to in subsection 2 of section 2 is expended only if absolutely necessary. I appreciate that it is difficult for us to judge whether this money is necessary or not. Perhaps the people of South Korea felt that they were spending enough on big guns and equipment to withstand any aggression that might come; perhaps they even thought that no foreign army would ever attack their land. Nevertheless it, happened; and I think there is even more reason to expect that Iran or West Germany or Yugoslavia will be attacked.

I agree with what one American recently wrote: that the issue between the East and West will finally and ultimately be settled on the plains of Europe, where throughout the centuries all great wars have been fought.

I entirely agree with what our government is doing about the Korean situation. I agree entirely with what we are doing to see that Iran, Malay and Indo-China will be protected in the event of attack; but we all know that the real struggle, if it comes, will be fought out in Western Europe.

I live in a prairie province, and I believe it is quite within the bounds of possibility that if Russia were to send out bombing planes on a mission of destruction in Canada and the United States, their course would be down through the prairies. I disagree with honourable members from British Columbia who feel

that the first attack would be made on Vancouver. It seems to me much more likely that bombs would be dropped first on the central provinces. And what would be a more probable point of attack than, for instance, the city of Winnipeg? Owing to its geographical position with the lake region to the north and American territory not so very far to the south, Winnipeg would be regarded by the enemy as a hub where bombing could accomplish a lot of damage. I feel that everything possible should be done to enable us to meet the aggression when it comes. There is no need to repeat the stern warning that I expressed the other day, that I believe Russia intends to try to conquer the world—either by treachery, as she is doing now with the aid of nitwits in different countries, or openly and by force, or perhaps by both methods. Whatever she chooses to do, we have got to be ready.

Then there is the appropriation of \$300 million which may be used for the purposes of the North Atlantic Treaty. Because of lack of information, there is not much that I can say about this vote. I tried unsuccessfully to get the leader of the government (Hon. Mr. Robertson) to disclose what our liabilities are under the treaty. I hoped the senator from Vancouver South (Hon. Mr. Farris) would tell me, but again I was disappointed. Then I felt sure the senator from New Westminster (Hon. Mr. Reid) would give some facts on the subject, but he also breathed not a word about it. We must have some obligations under the treaty. We are asked to vote \$300 million in the dark, without knowing what it is to be used for, other than that some of it may be spent on arms or other materials to assist friendly nations in Europe. In my own mind I question whether this vote should not have been postponed until after the United Nations meeting has been held and we know what we shall be required to furnish in arms, ammunition and men.

Let no one have any doubt that under the North Atlantic Treaty we shall be expected to furnish men for fighting in Europe. If the treaty means anything at all, we are going to have to send to Europe not only arms and ammunition, but fighting men. In a newspaper this morning I read that scientific weapons and methods would make it possible to conduct war with relatively few men. Well, if proof were needed to demonstrate the unsoundness of that idea, it has been furnished in Korea. Despite all the airplanes, battleships and scientific weapons at their command, the United Nations forces have been backing up steadily since about the 1st of July, and the question today is whether the beach-head at Pusan

can be held. It is true now, as it has been in the past, that wars are won by the man behind the gun. In the last war many people made the mistake of thinking that victory would be achieved by bombing from airplanes, but we now know that the devastation caused in that way was far less extensive than had been anticipated. Cologne, Dresden, Berlin and Hamburg were not blasted to the extent that the public imagined. Cologne was frequently attacked by nine hundred bombers in line, each carrying from four to six tons of bombs; but when the war was over, the people there walked out from their shelters. True, there was considerable slaughter, but far less than had been anticipated. And in the Korean fighting the northern forces, who were expected not to be able to make any advance against our aerial attacks, just kept on going.

I want the government to tell the people what manpower commitments we have made under the North Atlantic Treaty. It is all right for parliament to vote millions of somebody else's money—each one of us thinks it is the other fellow's money, and not our own, that we are spending; but let us not be blind to the fact that Canada, as a signer of the treaty, will be asked to provide fighting men. How are we going to get them? For the life of me, I am unable to say.

One more point. Where are we going to get the money to pay for all these expenditures? The easy way for a government to increase its revenues is to impose new taxes. The present government may fear that heavy taxes would not be popular when it has to face the people three or four years from now. Perhaps there is hope that something may happen to make very heavy additional taxation unnecessary. However, I see no evidence that the government, faced with the need of making these gigantic expenditures for military purposes, has any idea of practising economy in its ordinary services. It is useless to shut our eyes to the fact that since 1939, although our population has not grown greatly, our annual expenditures have increased from \$600 million to \$2,400 million. Someone said the other day that the province of Ontario, with a population of four and a half million, has 12,500 civil servants, but there are twice as many administering the 45,000 members of the armed forces in Canada. And we are paying the shot. The income tax cannot be raised much higher. The government could get some money by confiscation, by a capital levy, but whatever sums it collected in that way could be got only once. If we are going to make these war expenditures, the government will have to economize or Canada will go bankrupt.

One policy that the government followed after the close of the last war I hope will not be followed again. It had on hand many millions of dollars' worth of goods which it had to dispose of at fire-sale prices.

**Hon. Mr. Horner:** It only thought it had to sell them.

**Hon. Mr. Haig:** I do not know what it thought, but at any rate it sold them, because it did not think the so-called "cold war" would develop as it has. But the government should not have been surprised by what Russia has done. As pointed out the other day by the honourable senator from New Westminster (Hon. Mr. Reid)—I agree with a good deal of what he said—the Russians of today are the same as the Russians of the past. Although they have a new boss in place of the Tsar, our government should have known that they still dream of conquering the world and will try to make their dream a reality.

I am going to vote for this bill for the same reason that I voted for various war-time appropriation bills submitted to us from 1939 to 1945. On a number of occasions when I concurred in the appropriation of \$100 million or \$200 million or more, for war supplies, I wondered whether there would not be a lot of goods on hand at the end of the war and a heavy loss on the sale of them. I have a similar wonder now, but I do not want anyone to be able to say to me, "You refused to vote money for the proper equipment of our soldiers, and when they met the Russians in battle"—as they will have to do—"they were not prepared to fight them on equal terms." Nevertheless the onus on the government today is heavier than it has ever been. We well remember what happened at the end of the recent war, when piles of supplies and equipment all over this country were disposed of. The liquidating of war assets should not be our policy in the future. The taxes the people of this country are paying are as high as most of us believe they can pay. The government saw fit before the last election to cut income taxes all it could, and now it points to the fact that the recent budget does not put those taxes up again. Well, I wish the government would promise me that it will not in the next budget increase income taxes again.

As this bill is for the granting of war supplies, I cannot refuse to vote for it. But when we come down to a consideration of the sacrifice of human life, money is not the most important thing. I want to know what is going to be the policy of the government with regard to its commitments under the Atlantic Charter. It has been said that we

are not committed under the charter to send troops to Europe. Does anyone for a moment think that if the United States sends as many as twenty divisions overseas, and if France, Belgium and Australia each do their share, we will not have to contribute manpower? How else are the necessary troops going to be provided? I want the government, and especially the Minister of External Affairs, to tell us this afternoon how the manpower needs are going to be met. There are those who advocate the keeping of our troops in Canada for our own protection. To me that is just a policy of isolationism, much like that of the United States of earlier days—a policy by which that country very nearly lost its liberty through unpreparedness.

That is all I have to say at this time, honourable senators. I will listen with pleasure to the explanations which will be given in committee.

**Some Hon. Senators:** Hear, hear.

**Hon. T. A. Crerar:** Honourable senators, this appropriation bill has to do with war expenditures, and it is one which the house has no alternative but to pass. Nevertheless, we should be conscious of the fact that we are taking the first step of a journey down a long road, the end of which we cannot now see.

Persons who have observed international affairs over the past few years are conscious of the fact that there has been a gradual deterioration in conditions during that time. There have been hopes that the world might escape another cataclysm such as the recent world war, that the United Nations organization might in some way prepare the road to permanent peace. Those hopes are now vanishing, and we are faced with the grim fact that war in the future can only be avoided through the building up as rapidly as possible of the defences of the freedom-loving countries. It is scarcely necessary for me to emphasize that situation to honourable members of this house.

Facing a grim future, as we do, it seems to me that this is a good time to take stock of our own position. I am not very much concerned about the problem raised by the honourable leader opposite (Hon. Mr. Haig) respecting the use to which our manpower may be put. I am more concerned about the fact that the waging of war today is a tremendously costly business. The cost per man of prosecuting the Second World War was easily double that of carrying on the First World War; and it is a safe prediction that if, unhappily, another war should come about, the cost of it will be much greater than that of the war of 1939-45. That means, honourable

senators, that a tremendous burden will be thrown upon the economies of all the countries engaged in such a war.

I hold firmly to the view that it is the part of wisdom for this parliament and for the Canadian people to pay as they go as much of the costs as possible. I have a horror of increasing debt, because as debt and inflation grow it is the innocent people of this country who suffer most. I refer to those who through their savings and the purchase of annuities have endeavoured to provide against the needs of the day when they can no longer work. They have the least voice in the affairs of the country today; yet they will suffer heavily.

**Hon. Mr. Quinn:** Hear, hear.

**Hon. Mr. Crerar:** The middle-class people, or, if you like, the lower middle-class people, have done much of the work of this country. They have looked after our municipal business in all its phases; they are the ones who for the most part have kept our churches and educational institutions going and today, because of increased taxation and the inflationary processes which a great war or vast preparation for war is almost certain to let loose, they are the ones who will suffer most.

It is a safe calculation that within the next twelve months the commonwealth countries—that includes Great Britain—the United States and the western European countries will probably spend as much as \$35 billion for defence. Let us not delude ourselves that the amount we are voting today will cover all our expenditures. It is just the commencement of expenditures. We will be asked at the next session of parliament to vote substantially larger amounts than we voted at the last session plus the present appropriation.

One of the great tasks which governments today face is that of relieving as far as possible the effects of inflation. This can to a large extent be done by taxation; but if we are going to meet increasing obligations for the cost of defence and at the same time maintain our current high standard of living, we will place upon this country an unbearable burden of taxation.

My first suggestion is that the federal government, all the provincial governments and every municipal body in this country should pare to the bone their running expenses. I do not wish to say anything against the policy of social security, for we have gone a long way in that direction. But if we examine the costs of all our governments, under the general heading of social security benefits, including soldiers' allowances and veterans' pensions, we will find that this country of only 14 million people is probably

spending well over \$1 billion a year. How far can we go in maintaining these services, and at the same time meet the huge expenditures needed to cope with the most vital question that concerns us? The old-age pension or the family allowance is not of much value to a man if in the end, he loses his freedom, liberty and right of self-government. That is the great issue at stake today in the gigantic struggle which is taking place throughout the world. It is not so much a test between East and West as a test between two vital concepts of life. On the one hand is the opportunity for man to achieve self-development in all possible directions, so long as he does not injure his neighbours; and on the other hand is the possibility that he will become a slave and a mere cog in the vast mechanism of government in a police state. That is the issue at stake, and it is with the hope of preserving peace in the end that the freedom-loving nations are girding on their armour against the powers of darkness.

This is going to cost us dearly, and so I should like the Canadian people to become more aware of these important issues. Let us not deceive ourselves. The highest possible sacrifice may be asked of every Canadian, but I am sure that if our people become clearly aware of the real issues they will, as ever in the past, rise to the needs of the hour. I am convinced that every thinking Canadian will make this sacrifice because more than anything else he values the right to live his own life, free from the interference of any aristocratic government which may try to impose itself upon him.

Honourable senators, I support this bill unreservedly. I feel confident that the government will use its utmost wisdom to see that value is secured for whatever money it spends. I hope that every Canadian legislative body, seeing the trouble which rises before us, will reduce to a minimum the ordinary costs of administration so that more of our national income may be directed to meeting the costs outlined in this bill and which—make no mistake about it—will increase in the future.

**Some Hon. Senators:** Hear, hear.

**Hon. Arthur W. Roebuck:** Honourable senators, may I highly commend the honourable gentleman from Churchill (Hon. Mr. Crerar) for the eloquent words he has just spoken about the preservation of liberty and freedom of our Canadian people. I was particularly struck by his reference to the possibility of our citizens becoming, as he put it, cogs in the mechanism of government. That is something of which we must be eternally aware. We do not want our citizens to

become mere flies on some great governmental wheel, and for this reason I think it is worth while for me to take just a moment of your time to sound a note of warning about this matter of police.

The bill before us provides for an appropriation of \$2 million for the maintenance of a police force for the provinces of British Columbia and Newfoundland. The amount involved is not large; I am more concerned about the tendency than about the event. I suppose that if these two provinces wish to enter into an agreement with the federal government about police financing I should have no objection, but I wish to call the attention of all thoughtful people to the tendency involved. When I was Attorney-General of Ontario, I introduced a bill to establish a central police office or clearing house for the various police forces of the province. This bill was attacked by the Conservatives on the grounds that it would centralize all police power in the hands of one man, the Attorney-General of the province. Following a debate of two or three days I withdrew my bill because of the opposition's attack. It is true that I was able to argue that in this instance the centralization of the police forces had no ulterior or sinister purpose, and that it might well bring about greater efficiency in the policing of the province; nevertheless, I withdrew my bill following the strong arguments put forth by the opposition.

The leader of the government (Hon. Mr. Robertson) has pointed out that the provinces will not be able to fully meet the cost of the services to be rendered to them by the R.C.M.P. Thus, I take it, the good citizens of these provinces, in order to save a few dollars and perhaps improve their police system, are transferring a certain power which was placed in their hands by the Fathers of Confederation. I have mentioned two good arguments in favour of centralizing the control of police forces, but I have an abiding faith in the local police forces—

**Hon. Mr. Reid:** Hear, hear.

**Hon. Mr. Roebuck:**—just as I have in local school trustees who are close to their people.

Efficiency is not necessarily the last word in police administration. Sometimes the fanatical and over-efficient policeman is most dangerous, and not infrequently the easy-going policeman is the better of the two. I favour the man who knows his people, who feels that his control is close to him, and who acts in accordance with the sentiment of the small community in which he operates. Local control which is in tune with those who suffer under the authorities, is a consideration far superior to efficiency or the saving of a little money. I do hope that my province of Ontario will never enter into

an agreement of this kind, but will spend the necessary funds to maintain a local police force. I hope that the democratic control of the police forces of our country will remain with our municipal councils, and not be centred in the parliament buildings at Ottawa. One of the strongest means of protection against the insidious drift towards centralization and tyranny is local control of the police forces. The whole of Russia was subjugated through a successful attack upon the police of Leningrad: when the police there revolted and transferred to the revolutionists the arms they required, the present dictatorship of Russia was set up. I am not anticipating anything of that kind in Canada, but I do say that a centralized police force located in the city of Ottawa is much more amenable to such a *coup* than are, say, a thousand police forces in the municipalities throughout our country.

Provinces which have decided to dispense with their own police forces must be presumed to know what they want, so I have no intention at all of voting against this appropriation of \$2 million. But I think it has been worthwhile to sound at least this note of warning and to express the hope that my own province of Ontario will refrain from placing itself under the jurisdiction of a centralized police force.

**Hon. Thomas Reid:** Honourable members, it was not my intention to say anything in this debate, but the remarks of the senator who has just spoken prompt me to point out that the people of British Columbia are not entirely in agreement with what is being done. Many of them feel that the arrangement was "put over" by the powers that be at Victoria. I took occasion to publicly warn every municipality in British Columbia to hang on to its police force, pointing out that there would be some danger in having control centralized at Ottawa, three thousand miles away.

What I am wondering is, who made the approach to have the change brought about? In the light of information gained during many sessions spent in Ottawa, I believe the approach came from the authorities here, who are trying their best to take over the police in every province. It is not the province that has appealed to the Royal Canadian Mounted Police to have itself included within their jurisdiction. Oh, no! But certain authorities here who are desirous of exercising greater control have for the past ten years at least been proposing to the various Attorneys General that provincial police be transferred to the R.C.M.P.

In my province although there has been an occasional statement as to what the cost of the new service will be, the agreement between the provinces and the R.C.M.P. has

never been made widely public. So I say to the honourable leader (Hon. Mr. Robertson) that I hope it will be possible to have some questions answered in committee. I agree with and commend the remarks made by the senator from Toronto Trinity (Hon. Mr. Roebuck).

**Hon. Felix P. Quinn:** Honourable senators, I disagree with the last two speakers. The Royal Canadian Mounted Police is recognized as the greatest police force in the world. No province that has its police work done by the R.C.M.P. has cause to regret the arrangement.

**Hon. Mr. Haig:** Hear, hear.

**Hon. Mr. Quinn:** I congratulate the people of Newfoundland and of British Columbia upon inviting the R.C.M.P. to take charge of the policing of those provinces. For some years now our province of Nova Scotia has been policed by the R.C.M.P., and we never before had such efficiency. Members of the force are educated, equipped and organized to deal with all classes of criminals, and they can do this work better than any provincial police force. With all due respect to the provincial police of Ontario, of British Columbia or any other province, I consider the R.C.M.P. to be the best police force that we could possibly get, and I should like to see it functioning in every province of Canada.

**Hon. Gordon B. Isnor:** Honourable senators—

**Hon. Mr. Roebuck:** If I may have the indulgence—

**The Hon. the Acting Speaker:** The honourable gentleman from Halifax-Dartmouth (Mr. Isnor) has the floor.

**Hon. Mr. Isnor:** Honourable senators, I have no objection if the senator from Toronto Trinity (Hon. Mr. Roebuck) desires to make any observation bearing on his former remarks.

**Hon. Mr. Roebuck:** I only wish to point out that I have voiced no criticism of the Royal Canadian Mounted Police. As a matter of fact, I hold the force in the highest regard.

**Hon. Mr. Reid:** So do I.

**Hon. Mr. Isnor:** Honourable senators, I hesitate to take part in this debate, particularly in view of the eloquent remarks made by the senators from Churchill (Hon. Mr. Crerar) and Toronto Trinity (Hon. Mr. Roebuck). I say that with all due respect to others who have spoken. I wish to deal briefly with the principle of the bill and the effect of one or two clauses upon the section of the country from which I come.

But first I should like to support what has been said by the senator from Bedford-Halifax (Hon. Mr. Quinn) as to the efficiency of the Royal Canadian Mounted Police in the province of Nova Scotia. I recall very well that in 1928 or 1929 the province was considering whether it would continue its own police force or enter into a contract for the services of the R.C.M.P. It was brought out then that not only would the R.C.M.P. bring about greater efficiency—and I am satisfied on that score—but that the province would save considerable money under the proposed agreement. The cost of the provincial force was a question very much to the front at the time. If I remember the figures correctly, for a provincial force of one hundred men the annual outlay was \$263,000, whereas the services of the same number of men in the R.C.M.P. could be obtained for \$150,000.

**Hon. Mr. Roebuck:** The saving was a mess of pottage.

**Hon. Mr. Isnor:** My honourable friend is wrong. The provincial government no doubt took the saving into account, but it also had regard to the question of efficiency and the general over-all picture of policing the province. An arrangement was entered into, and ever since then we have had exceptionally good service from the Royal Canadian Mounted Police. Therefore I am happy to associate myself with the remarks of my honourable friend from Bedford-Halifax. In the past we have disagreed on some matters, which I need not mention at the moment, but there were never any hard feelings because of that. Victory would sometimes go to one side and sometimes to the other, and he and I always maintained a fine spirit of friendship. In our own part of the country we are regarded as political opponents, but, as I say, I am happy to associate myself with what he has said on this occasion.

Honourable senators, the leader of the opposition (Hon. Mr. Haig) has referred to the heavy expenditures that are being made, and he wonders whether the government is going to practise economy. I hope that it will, for \$850 million is a very large amount of money. As a member of the Public Accounts Committee of the other house during various sessions I had an opportunity to scrutinize expenditures very closely, and I always felt that in governments, as in business organizations, there were bound to be some expenditures open to question, but that on the whole the public funds of Canada were being properly expended.

In a reference to war expenditures, the honourable leader opposite criticized the government for its disposition of surplus supplies

and equipment. I feel that if my honourable friend had been as closely associated with the War Expenditures Committee as I was, and had listened to the arguments advanced by experts and members of the armed forces, he would have concluded, as I did, that the government can no more afford to keep on hand obsolete equipment than can a merchant who is left with poor stock. Not only did the government dispose of its surplus equipment and supplies, but in many instances it received exceptionally good prices for what we would call bargain merchandise. Further, the plants which were sold were converted for peacetime purposes, thus providing employment for a large body of Canadian labour. In my opinion, the policy of the government in that regard contributed greatly to the maintaining of the highest employment level in the history of our country.

In some isolated instances certain plants and equipment should perhaps have been retained; but I for one was not an expert in this field, and I took the advice of those who were supposed to know what might be expected to be of use in future wars. On the strength of the advice given, the committee approved of the action taken by the stores branch of the armed forces. In my opinion the government followed a wise policy in disposing of its war surpluses as it did, through the War Assets Corporation.

Although I am aware that my remarks at this time should be directed to the principle of the bill, I want to deal with one particular clause of the measure before us. The leader of the government, in introducing the bill, touched on various sections; I propose to deal only with clause 3. Subsection 1 of that clause provides that the Governor in Council may . . . authorize the production, acquisition, repair and provision of equipment, services, supplies and facilities, for the use of the naval, army and air services of the Canadian forces and the armed forces of any party to the North Atlantic Treaty . . .

In dealing with the particular subsection, I think it would be proper for me to refer to bill 3, which was passed last Saturday; and I should like, if I am permitted, to touch on the bill now being considered by the other house. All these measures are closely allied, having to do with the purchase, distribution and allocation of supplies and monies for war purposes.

**Hon. Mr. Haig:** On a point of order. I do not object to the honourable gentleman referring to the bill now in the other place, but, to offset any criticism in the future for failure on my part to complain, I want it understood that in doing so he is completely out of order.

As far as I am concerned, I consent to the honourable gentleman discussing the allied measure at this time.

**The Hon. the Acting Speaker:** I think the honourable gentleman from Halifax (Hon. Mr. Isnor) should confine himself to the bill before the house.

**Hon. Mr. Isnor:** Mr. Speaker, in reply to the honourable leader opposite, I shall endeavour to deal only with two bills, namely bill 3 which has been passed, and the bill now before the house.

**Hon. Mr. Haig:** My honourable friend is still out of order in referring to a bill which this house has already passed. He had a right to speak to the measure when it was before the house on Saturday last, he did not do so. I am quite willing to consent to his proceeding under the circumstances, but I say that he is out of order in doing so.

**Hon. Mr. Isnor:** Mr. Speaker, as I said a moment ago, I am quite willing to admit that I am out of order in discussing a bill now before the other house, but I think that I have the right to refer to a measure which we have already passed.

**Hon. Mr. Beaubien:** Go ahead.

**The Hon. the Acting Speaker:** The honourable gentleman may refer to the fact that the bill contained certain provisions and that it was passed by the house; but beyond that he should not discuss the measure.

**Hon. Mr. Robertson:** Honourable senators, in fairness to the honourable gentleman from Halifax, I should point out that these three measures are closely integrated, and that during the rather rapid disposition of the legislation on Saturday last I suggested that, so far as I was concerned, I would not object to related matters being brought up for discussion later.

**Hon. Mr. Beaubien:** And the leader of the opposition did not object to that.

**Hon. Mr. Quinn:** Did not that suggestion apply only to the consideration of the bill in committee when the minister was present?

**Hon. Mr. Isnor:** I think I appreciate the feeling of the chamber, Mr. Speaker, and I will endeavour to confine my remarks to the bill before the house, notwithstanding my view regarding the proper procedure.

I have stated that I want to deal with section 3 of the bill, and in doing so I should like to point out to honourable senators that this measure and the two other bills referred to authorize huge expenditures which will, for the most part, be spent in the industrial centre of Canada. The large amounts involved prompt me to call the

attention of the leader of the government in this house to the desirability of an equitable distribution of the expanding industrial activities, so as to benefit the extreme east and west, and the Prairie Provinces.

**Hon. Mr. Reid:** Hear, hear.

**Hon. Mr. Isnor:** The fact is that of Canada's population of 14 million odd 34 per cent is in Ontario and about 32 per cent in Quebec. I shall refer to this area containing approximately 66 per cent of our total population as the industrial centre of Canada. British Columbia has about 10 per cent of the total population, and the remaining 24 per cent is scattered throughout the rest of the country. In the light of these facts, honourable senators will realize why it is that I am concerned as to where this \$850 million will be spent.

**Hon. Mr. Haig:** Hear, hear.

**Hon. Mr. Isnor:** It must also be remembered that in the industrial centre, containing about 65 per cent of the population, there is a corresponding percentage of production and wages, for where you have production you are bound to have spending power. Thus it is that industrial production is centered in Ontario and Quebec, particularly within a radius of one hundred miles of Toronto and Montreal. The honourable leader of the government should bear these facts in mind, and impress upon the Minister of Trade and Commerce and the Minister of National Defence that when spending this vast amount of money through the Canadian Commercial Corporation—which is the purchasing branch of the Department of National Defence—they should give greater consideration to industries situated in the extreme East and West of Canada.

I should like to discuss for a moment the Dartmouth-Bedford Naval Magazine. I do not wish to relate to honourable senators what they already know about the Halifax explosion of 1917, which took 1,600 lives.

**Hon. Mr. Quinn:** And blinded 700 persons.

**Hon. Mr. Isnor:** Yes. And everyone knows about the explosion which took place there in 1945. The people who were injured or killed in these explosions could properly be classified as war casualties. Despite these explosions Halifax played a most important part in both world wars, but things are not so good for Haligonians today. I do not like to advertise this fact, but apart from housing construction Halifax does not have the industries it should have in proportion to the over-all industrial production and wealth of this country. I am anxious that at this time the Maritime Provinces should

share in Canada's spending power, and I think it is an opportune time to bring to the attention of the leader of the government the facilities of the Eastern Passage Airport. I have been told that one day last week as many as 720 airplanes landed at this airport. Honourable members will recall that only a short time ago it was claimed that certain types of aircraft could not land there, and I raise this question now so that this important airfield may be put in proper shape to enable any type of aircraft to land on it.

I recall that in 1942 or 1943 it was drawn to the attention of the Minister of National Defence, the late Colonel Ralston, that a bottleneck condition existed at Fairview. The dangers of this condition were pointed out, and it was said that in case of an emergency, such as the Halifax explosion, the authorities would not know what had happened. I am drawing this situation to the attention of the government in the hope that the Department of National Defence will see fit to co-operate with the Canadian National Railways in widening this bottleneck and in making an adequate road which would serve the city in the event of emergency.

I should like to draw attention to the Debert and Aldershot army training centres in Nova Scotia, which after World War II were left in a rather dilapidated condition. If the honourable leader opposite (Hon. Mr. Haig) had referred particularly to camps of the type of the two just mentioned, and to the action that should have been taken by the government to maintain them, I would have supported his argument. I think the Department of Defence should consider taking action to bring these camps up to a proper standard.

In the past the question has been raised as to whether Nova Scotia had any industries which could benefit from war expenditures. I would point out to honourable members that during the last war there was spent in Nova Scotia, only about one per cent of the total war expenditure in Canada by the federal government. Today we have the Fairey Aviation Company, a firm, long-established in England, but new to Canada. It operates at Dartmouth and is able to manufacture as well as service aircraft. Therefore, I hope part of the money to be expended on airplanes will find its way to their very important industry at Dartmouth. Then there is the Cussor Radar Company, and many other companies, which could be of real service in the present emergency period. I need not mention the value of our shipbuilding, steel industries, and so on, but I want to re-emphasize the fact that Canada's industries are for the most part centred in Ontario and Quebec. I should like the leader here to inform the Minister of Trade and Commerce that our section of the Maritime Provinces is hopeful that it will enjoy a fair portion of the expenditures contemplated in this bill.

**Some Hon. Senators:** Hear, hear.

The motion was agreed to, and the bill was read the second time.

#### REFERRED TO COMMITTEE

**Hon. Mr. Robertson:** Honourable senators, I move that this bill be referred to the Standing Committee on Legislation, which will meet immediately the Senate rises.

The motion was agreed to.

The Senate adjourned until tomorrow morning at 11 a.m.

THE SENATE

Tuesday, September 12, 1950

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers and routine proceedings.

CONSUMER CREDIT (TEMPORARY PROVISIONS) BILL

FIRST READING

A message was received from the House of Commons with Bill 4, an Act to make temporary provision for the regulation of consumer credit.

The bill was read the first time.

SECOND READING POSTPONED

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

**Hon. Mr. Robertson:** Honourable senators, I regret to have to say that at the moment we are not in a position to proceed with this bill, as the honourable gentleman whom I have asked to explain it is not yet ready. Yesterday it was expected that the Essential Materials Bill would come to us first, and an honourable member is prepared to explain it, but so far it has not been passed by the other chamber. It will probably be received here later today, and in the circumstances the only alternative I have is to ask that the bill be placed on the order paper for consideration at 3 o'clock this afternoon.

The second reading was postponed.

DEFENCE APPROPRIATION BILL

REPORT OF COMMITTEE

**Hon. Mr. Beaubien,** for the Chairman of the Special Committee on Legislation (Hon. Mr. Farris), presented the report of the committee on Bill 2, an Act for granting His Majesty aid for national defence and security.

*The report was read by the Clerk Assistant as follows:*

The special committee appointed to examine into any legislation or other matter, to whom was referred Bill 2, an Act for granting His Majesty aid for national defence and security, have, in obedience to the order of reference of September 11, 1950, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

**Hon. Mr. Robertson** moved third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

On the order:

Resuming the adjourned debate on the motion of the Honourable Senator Dupuis, seconded by the Honourable Senator Barbour, that an humble Address be presented to His Excellency the Governor General for the gracious Speech which he has been pleased to deliver to both Houses of Parliament — (Hon. Mr. Beaubien).

**Hon. Mr. Robertson:** Honourable senators, the debate on the Address in reply to the Speech from the Throne was adjourned by the whip on this side so that any honourable senator who wished to participate in the debate could do so. If no honourable senator wishes to take advantage of this opportunity to speak, there is perhaps no purpose in asking that the order be allowed to stand.

**Hon. Mr. Horner:** Honourable senators, I should like to make a few remarks this afternoon.

**Hon. Mr. Robertson:** Then I would ask that the order stand.

The order stands.

The Senate adjourned during pleasure.

At 3 o'clock the sitting was resumed.

CONSUMER CREDIT (TEMPORARY PROVISIONS) BILL

SECOND READING

**Hon. Arthur W. Roebuck** moved the second reading of the bill.

He said: Honourable senators, there are two main purposes to be found in this bill. The first purpose is to offset to some extent the rising price trend, which, as honourable senators know, has worried housewives and others in Canada in an accelerating degree during the period since the commencement of the last war. Perhaps they are worried now more than at any other time during that period; and unfortunately, owing to the fact that we are entering a war condition in which inflation and rising prices may be expected, there is no evident prospect that that worry will terminate. The second purpose of the bill is to influence the direction, towards war purposes, of certain commodities. Chief of these, of course, is steel. It is felt that if it be possible to direct steel into the making of guns and bullets rather than, say, radios and washing machines, the public interest under the special circumstances of the day will be served.

The first of these two purposes that I have enumerated, namely the effort to offset what

is known as inflation, is of course most controversial and most interesting, because of its very wide application throughout the community; and if honourable senators will bear with me, I shall discuss for a few minutes this matter of rising prices, the cause of the trend, and possible means of offsetting it.

What we call "inflation", though it is really price inflation, is the rising value measured in money of goods of all kinds. Unfortunately its effect on the cost of living is rather too well known to us all. To the low-income classes it has proved and is proving somewhat of a national disaster; and I think it is generally conceded to be undesirable in its effects upon all classes of the community. I believe responsible statesmen in all parties will agree that, in the interests of business, for the sake of those whose incomes are fixed, and of housewives and those who maintain homes in our communities, it is undesirable that the prices of commodities shall reach exorbitant figures.

There are two factors in this matter of price: one, the value of the goods sold; and two, the value of the money used in purchases. Many people do not realize this, although they see that the value of goods and the price of goods are associated. If the value of goods goes up because of an increase in demand or of a lessening supply, prices rise; and if the purchasing power of money decreases because of an increase in the amount tendered for purchases, again the price rises. Conversely, if the supply of goods exceeds the demand, or if the supply of money is less than the supply of goods offered, prices fall.

Honourable senators will observe, as I have remarked, that there are two factors in price: the goods offered for sale and the money offered for purchase—not necessarily the money used for purchase but the money tendered or ready to be tendered, which, of course, by rule of competition, affects the price.

One of the most valuable documents to come into the hands of honourable members is the report of the Royal Commission on Prices, otherwise known as the Curtis Report, dated at Ottawa on March 18, 1949. I may say to my honourable colleagues that this document is well worthy of their study. I should like to quote from the Summary of Volume II, the Economics of Rising Prices:

We are concerned in this report with a general rise in prices which is commonly called "price inflation" or just "inflation." How does inflation come about? Briefly, it is a symptom of too much spending in relation to the available supply of goods and services, or, to use an overworked but expressive phrase, it is a case of "too much money chasing too few goods."

That is an excellent phrase—"too much money chasing too few goods".

The report continues:

Once full employment has been attained, the attempt to increase spending by more than the increase in average output per worker is bound to raise the general level of prices . . . spending by businessmen for capital investment puts money into the pockets of wage and salary earners and businessmen who work on the projects or supply the materials. So unless adequate counter measures are taken, or there are some other offsetting influences, the chase of money after goods begins. The resulting competitive bidding-up of wages and prices adds to the incomes and to the general willingness to spend. Thus the spiral of rising prices moves upward.

Rising prices can be cured only by removing the excess of demand over supply. Any other proposed remedy, no matter how different it looks, can succeed only if it somehow or other increases the supply of goods or decreases the rate of spending.

The report goes on to outline some of the things that governments may do by way of offsetting such a trend.

Government policy can operate in several ways to reduce the volume of spending, namely, by:

1. Levying higher taxes which have the effect of leaving less money in the hands of the public for spending.

We all remember the effect of rising taxes during the last war, and the explanation given by the Minister of Finance at that time, that one of the methods of holding down rising prices was to take away from prospective purchasers of goods the wherewithal, or at least a portion of it, with which they could buy goods.

2. Discouraging borrowing and the raising of capital, e.g., by higher interest rates and by putting indirect pressure on the banking system to curtail lending.

3. Encouraging saving and the deferring of expenditures, e.g., by government bond selling campaigns and by postponement of its own capital expenditures.

4. Controlling prices and supplies and thus making it illegal for people to spend as much as they would otherwise have done.

I turn to page 17 of the report in which the authors say:

In theory, fiscal and monetary action alone can prevent a general rise in prices. All that is required is a policy which reduces purchasing power and otherwise restricts expansion in the money supply and the rate of spending to the point where money demand is equal to the available supply . . .

The report then goes on to mention the practical difficulties in carrying out such a policy, but there lies the principle—on the one hand, a reduction in the amount of money in the hands of would-be purchasers or the temporary laying aside or saving of money by them; or, on the other hand, an increase in the production of goods.

I have already said and, in view of the excellent authority just quoted I think it

worth saying again, that the average person when faced with the undesirable factors of rising prices naturally wishes to regulate prices in some way. He sees the price tags on the commodities that he wants, and if he could invoke the powers of government to change the figures on the tags his end would be achieved. But in my submission that is not the most desirable method of procedure. It will be recalled that after the war ended a number of senators, of whom I was one, spoke in this chamber against price controls and demanded that they be discontinued to as great a degree as possible and as soon as possible. Our friends across the aisle agreed with us at the time; I well remember that the leader of the opposition (Hon. Mr. Haig) took the same stand I did. I notice now, however, evidence from the opposition benches of, perhaps, a slight change in thinking. The C.C.F. was always strong for controls. Personally, I am not; I should like to see them disappear. In my hand I have a statement by a very eminent authority on this point of the arbitrary control of prices and the undesirable effects that follow from it. I should like to read a brief passage:

Direct controls, of themselves, do not cure anything; indeed, they may often do more harm than good. At best, direct controls can do little more than contain for a time the pressure of demand. Price control in any form, however, is no substitute for action designed to bring over-all demand into line with over-all supply. It disguises inflation. It does not remove the cause of the trouble. A policy of direct controls of necessity develops an appetite that grows by what it feeds on. Finally, a widespread system of direct controls, no matter how skilfully and honestly administered, requires a huge and burdensome bureaucracy. Under less severe conditions direct controls of prices, wages, production and distribution—and they are inseparable—are incompatible with a free society and a free economy.

The authority for that statement is the present Minister of Finance, and the words were spoken recently. Surely he should know that what he said was right.

**Hon. Mr. Vien:** Have you given the reference?

**Hon. Mr. Roebuck:** I quote the minister as authority for the statement, but I do not think it would be proper to give the reference. I believe I am within the rules in taking that course.

**Hon. Mr. Vien:** I understand.

**Hon. Mr. Roebuck:** The minister should have a good knowledge of the subject with which he was dealing. He was one of those who took part in the administration of controls during the last war, when we had a very extensive experience with them—and I suppose in similar circumstances the experience would be repeated. I am not criticizing

his position; I am simply mentioning the undesirableness of controls and pointing out that it is better to adopt some other method, if one is available.

**Hon. Mr. Vien:** Are you suggesting any?

**Hon. Mr. Roebuck:** Of course I am. That is my thesis. I think that controls have been tolerated often in the past, and I suppose will be in the future, only because of the serious consequences of excessively rising prices to the national economy.

I have tried to lay a foundation for what I have yet to say. I have already mentioned that there are two factors in the problem—commodities, on the one hand; and money on the other. And as the quotations I have given would indicate, it is possible to control money as well as price.

**Hon. Mr. Vien:** Would the honourable senator allow me? Is there not also an alternative in the production of more goods which are in demand?

**Hon. Mr. Roebuck:** Yes.

**Hon. Mr. Vien:** To what degree does this bill encourage additional production of goods which may be in short supply?

**Hon. Mr. Roebuck:** It does not encourage that at all; that is not the purpose of this bill. No doubt other legislation will provide for what my friend suggests. I understand that there is a measure to come before us on the subject of materials and services. I do not wish to discuss that. What I am discussing is the money approach to this problem of rising prices, not the commodity approach.

I should like to point out here that, for the purposes at all events of this discussion, money is not confined to coins and what some people call folding money. Those things are promises by a government to pay at some future time; they are negotiable, and they constitute money because they have purchasing power. But there are other forms of purchasing power besides coins and folding money. When a banker enters a credit to some individual in his book he places that individual in a position to buy, gives him purchasing power, and that purchasing power in some of its aspects is quite similar to, if not exactly the same as, coins or paper currency. For instance, when a finance corporation gives its paper to a purchaser for use in the purchase of an automobile, it is creating money, because the credit of the corporation is regarded as of value, and the note in its application to the relationship between commodities and money, has the same effect as if the government printed dollar bills.

**Hon. Mr. Wood:** Including bonds?

**Hon. Mr. Roebuck:** Yes, including bonds, but to a somewhat less extent. I have said that it is the money which is ready to be tendered that counts. The money that goes down in someone's stocking is out of circulation. So it is the security that is negotiated and used that counts in the balance between commodities and money. When the government issues bonds, the public frequently buys them merely for investment, with no intention of offering them for sale on the market. In that way that money goes out of use, and no longer affects the balance on one side or the other.

**Hon. Mr. Wood:** It is used as collateral for borrowing.

**Hon. Mr. Roebuck:** It may be; and when it is, it affects the inflation spiral. But in that case it is not the bond, but rather the money that is received for the bond or perhaps the credit that is got for the bond, that counts. Credit of all kinds is purchasing power, and in the equation between the amount of goods available and the money on hand to buy them, purchasing power is the same as money.

**Hon. Mr. Haig:** May I ask a question?

**Hon. Mr. Roebuck:** Yes.

**Hon. Mr. Haig:** If the rate of interest on bonds were increased, would more people be induced to invest in them?

**Hon. Mr. Roebuck:** I think it would have that effect. Certainly, increasing the interest on bonds would make them more attractive, and therefore more saleable. It might well happen that some people who ordinarily invest in consumer goods would put their money into bonds at a higher interest rate, and put the bonds into their strongboxes. In that way their purchasing power for consumer goods would be increased.

**Hon. Mr. Hayden:** But such a course of action would increase the cost of living, would it not?

**Hon. Mr. Lambert:** No.

**Hon. Mr. Hayden:** My friend will please excuse my interruption. Public borrowing increases the cost of public financing. Is that not right?

**Hon. Mr. Roebuck:** Yes.

**Hon. Mr. Hayden:** Therefore the result is increased taxation, which leads to increased cost of living.

**Hon. Mr. Haig:** No.

**Hon. Mr. Roebuck:** I answered the question as it was put. Of course there is a disadvantage in increasing the amount which the

government must pay for borrowed money. It increases the cost of government, and to that extent raises the cost of living.

**Hon. Mr. Haig:** Now, does it? Does not the increased cost of government come out of the man who has the money?

**Hon. Mr. Roebuck:** There is no doubt that increased taxation has the effect of keeping prices down.

**Hon. Mr. Haig:** Of course it has.

**Hon. Mr. Roebuck:** To the extent that the prospective purchaser is taxed, he is deprived of purchasing power in competing for the commodities that are available.

**Hon. Mr. Nicol:** What section of the bill is the honourable gentleman discussing now?

**Hon. Mr. Roebuck:** I have discussed the whole purpose of the bill.

I now turn to the measure itself. Perhaps I should first read the preamble, which is as follows:

Whereas in the preamble to The Essential Materials (Defence) Act—

I understand that bill is now before the other house.

—it is recited that in order to avert possible disruption of the defence preparations therein referred to, to lessen the resultant disruption of normal trade and commerce and to prevent economic disorder and hardship on a national scale, it is essential in the interest of Canada as a whole to provide for the control and regulation of the production, distribution and use of the materials and services therein referred to; and such defence preparations may be expected to expand purchasing power and the demand for consumer goods, and at the same time limit the quantity of consumer goods available for ordinary or civilian requirements; and it may therefore be necessary, as a further measure to counteract possible adverse effects of these developments upon such defence preparations, normal trade and commerce and the economic life of the nation, to take steps to restrain the expansion of purchasing power and the demand for consumer goods by preventing inflationary expansion of currency and credit; and it is therefore essential in the interest of Canada as a whole to provide for the restriction of consumer credit.

Section 2 of the bill contains the definitions, the first of which is "charge account". No doubt most of our wives have one. Briefly, "charge account", means an agreement or an arrangement whereby the buyer gets possession of goods on the condition that any unpaid balance shall be due and payable in a lump sum. By paragraph (b) "consumer goods" mean,

—any goods or class of goods declared by the Governor in Council to be consumer goods for the purposes of this Act.

The government by that definition is taking a very liberal right, in that it may control any class of goods if the competition appears to be too strong, or for any other reason.

"Conditional sale contract" means,

—any agreement other than a charge account, under the terms of which a buyer is to obtain possession of any goods without paying the price thereof in full at or before the time of delivery.

Some examples are given, but the principle is as I have read it.

By subsection 1 of section 3 of the bill the Governor in Council may make regulations regarding:

(a) payment for consumer goods sold at retail under a conditional sale contract or any goods sold at retail under a charge account;

(b) the repayment of loans wholly or partially secured on consumer goods purchased by the borrower at retail;

(c) the repayment of loans, the proceeds of which are used to pay for consumer goods purchased by the borrower at retail.

That is to say, if after the passage of this bill one of my honourable colleagues were to request a loan from a bank for the purpose of buying some of the goods referred to in one of the orders in council, he might be committing an offence, namely, borrowing for the purpose of buying on credit or of buying for cash and paying later, which is the same as buying on credit.

**Hon. Mr. Aseltine:** It is the same?

**Hon. Mr. Roebuck:** Subsection 2 of section 3 reads:

The Governor in Council may, for carrying out the purposes and provisions of this Act and the regulations made under subsection one, make regulations

(a) providing for the inspection of premises and the examination of any goods, books or records therein,

—and so forth.

**Hon. Mr. Vien:** Is this a war measure?

**Hon. Mr. Roebuck:** No, I do not think it is.

**Hon. Mr. Vien:** Then, if it is not, what is the opinion of the honourable senator as to the constitutionality of this provision, having in mind sections 91 and 92 of the British North America Act, relating to property and civil rights?

**Hon. Mr. Roebuck:** The question is a good one, and I propose to refer to the constitutional aspect, but I do not think it would be wise to do so at the moment. By the way, an amendment was made to the bill as introduced, and some words were added. Section 3, subsection 1, paragraph (c), now reads: the repayment of loans, the proceeds of which are used to pay for consumer goods purchased by the borrower at retail,

and with respect to the amount of loans referred to in paragraphs (b) and (c).

Of course penalties are provided, but they are not very drastic: \$500 for summary conviction, and \$5,000 in case of conviction under indictment. Regulations under the Act are to be published in the *Canada Gazette*.

A rather important feature of the Act relates to its expiration. It will terminate on the 31st day of July, 1952:

Provided that, if the Governor in Council so orders, it shall expire on an earlier day designated by him; and provided further that, if at any time while this Act is in force, addresses are presented to the Governor General by the Senate and House of Commons, respectively, praying that this Act be continued in force for a further period, and the Governor in Council so orders, this Act shall continue in force for that further period.

**Hon. Mr. Vien:** Is it proposed that an offence shall be created by regulation? In this bill it is stated that the Governor in Council may by regulation determine that this or that violation of regulations is an offence under the Act, and prescribe penalties. Is it usual in federal legislation to create offences by regulation, not by statute?

**Hon. Mr. Roebuck:** I think the answer—which I tender with respect—is yes. I have in mind, for instance, the Post Office Act, under which the Postmaster General is permitted to make regulations and provide penalties. It is not even necessary to proceed by Order in Council. I think it will be found that in every Act which gives power for the creation of a prohibition, so that it is an offence to do something, penalties are provided; and frequently it will be found that the regulations shall specify what is to be the penalty. It is a fairly general practice to let the Governor in Council not only specify the prohibited act but provide the penalty.

**Hon. Mr. Vien:** I doubt it.

**Hon. Mr. Roebuck:** Well, there is no doubt that there is plenty of precedent for so doing.

**Hon. Mr. Vien:** It often happens that the Governor in Council is empowered to pass regulations to make an Act workable, and a breach of such regulations may constitute an offence; but I believe that in general the offences are specified and the penalties provided for in a more specific way than under the terms of this bill.

**Hon. Mr. Roebuck:** Well, I suppose that is a question on which each of us will decide according to his own experience and reading. I do not think this procedure is very unusual.

**Hon. Mr. Vien:** I think this bill goes further in that direction than any which has preceded it.

**Hon. Mr. Roebuck:** A little way, perhaps. It is true that pretty wide powers to create offences are given, but certainly not without precedent.

The phraseology respecting the expiry of the Act is a little unusual. As a rule, measures of this kind have no termination date; they remain in force until they are repealed. Some of the statutes in which a terminal date appears are laconic in that regard: they specify that termination shall be at a certain date, which may be amended by parliament if it so desires. In this bill, however, a new procedure is provided: the Act shall terminate at a certain time unless, upon addresses of the Senate and the House of Commons, the Governor in Council orders that it be continued in force for a further period. The purpose of this provision, as explained to me, is that the government wishes it to be clearly understood that at a certain date the legislation shall be reviewed if it is proposed that it shall be continued.

**Hon. Mr. Vien:** Otherwise it will come to an end.

**Hon. Mr. Roebuck:** Or it will come to an end. By this section they tell the people of Canada and us in this legislature that one year from next July either they will not act or they will act. Either the measure will then expire, or, if it is to continue, we shall have an opportunity to voice our opinions and to consent to its continuance. I do not see how anybody can object to that course. Perhaps some question could be raised as to the length of time before the Act can be reconsidered; but after all, it is less than two years.

In my opinion no harm will result from this measure. Some people hold the opinion that borrowing has been resorted to rather too freely of recent years. I cannot imagine that anybody will be denied an essential commodity by reason of the administration of this Act. It may make it a little harder to buy diamonds or radios or washing machines. It may in some cases compel people to save their money until they have the funds to buy something they require, instead of buying first and then starting to pay off their indebtedness, including interest and other charges. A person is rarely injured by having to make a larger deposit or to repay his debt at a faster rate. On the other hand, many people will be benefited by restraints upon too ready borrowing and running into debt. Most of us have learned to our sorrow in the course of our long careers that debt is not a desirable thing; yet of recent months we as a people have gone far in that direction.

Let me give some figures from a statement compiled by the Bureau of Statistics.

As to cash sales, the figures are as follows:

	per cent
Increase 1st quarter 1948 to 1st quarter 1949 ..	2.3
Increase 1st quarter 1949 to 1st quarter 1950 ..	4.0

Although there has been a very desirable and satisfactory increase in cash sales, it has been moderate in the past two years.

Now, let us take instalment sales. As to these the statement shows:

	per cent
Increase 1st quarter 1948 to 1st quarter 1949	12.3
Increase 1st quarter 1949 to 1st quarter 1950	26.9

Honourable senators will notice that there is here an increase in instalment sales of 26.9 per cent. That is very important, and it is too big a percentage to laugh at.

On the other hand, as to charge accounts, where payments are either made immediately or perhaps at the end of the month, the figures show the following increases:

	per cent
Increase 1st quarter 1948 to 1st quarter 1949 ..	3.5
Increase 1st quarter 1949 to 1st quarter 1950 ..	3.0

Here the increase is very slight as compared with the total amount of increased volume.

Let us then compare the days' credits that were outstanding at the end of this year with those outstanding at the end of last year. On March 31, 1948, there were 141 days' credit outstanding on instalment purchase accounts. In other words, at that time on all instalment contracts in Canada there was an average of 141 days remaining in which payment was to be made.

**Hon. Mr. Nicol:** How much of that was for consumer goods?

**Hon. Mr. Roebuck:** That was all for consumer goods.

**Hon. Mr. Nicol:** How do you know?

**Hon. Mr. Roebuck:** They are instalment purchases, and I understand, because the Bureau of Statistics was dealing with consumer goods when gathering these facts and figures.

**Hon. Mr. Aseltine:** Might not houses or farms be included in that?

**Hon. Mr. Roebuck:** I do not think so.

**Hon. Mr. Nicol:** Or farm implements?

**Hon. Mr. Roebuck:** I am always ready to be corrected, but I do not think so. I have no authority for saying so too dogmatically, but I am pretty sure that that is not so. I have stated that the number of days outstanding on March 31, 1948, was 141. On March 31, 1949, the number of days outstanding was 170, and by March 31, 1950, the number of days outstanding had increased to 200. That is to

say, the credit not only increased by the percentages I have mentioned, but the time of re-payment also increased very materially.

Let us take the figures of the retail financing of consumer goods—and there is no doubt that these are consumer goods. The retail financing of consumer goods by finance and acceptance companies in 1948 amounted to \$122,522,000. By 1949 this had grown to \$190,574,000, an increase of 55.5 per cent, which is no small increase.

The balances outstanding with finance and acceptance companies on consumer goods paper had reached \$70,451,000 by the end of 1948, and \$115,977,000 by the end of 1949, an increase of 64.6 per cent.

I submit, therefore, that this legislation, if it has the effect of reducing these instalment purchases to some degree, will do little harm to anyone and will accomplish a useful purpose.

We had some experience with this kind of legislation during the last war, and it may be that the experience gained then will be of very little guidance to us in what is proposed here. Honourable senators will observe that the Act only gives authority to the Governor in Council to specify the commodities and to limit the loans. The Act does not do this in itself, so one naturally turns back and asks what was done during the Second Great War. But it would be a mistake to assume that what was done then will necessarily be done now. If a person bought an automobile at that time he had to make a down-payment of one-third of the price of the vehicle, and there was a minimum down payment of \$25. On other goods a down payment of one-fifth of the total purchase price was required, with a minimum of \$5. The maximum period of credit given in those years was six months for wearing apparel, except furs, ten months for all goods where the amount financed was less than \$500, and fifteen months when the amount financed was over \$500.

Some information as to the effectiveness of the legislation during the war years may also be of interest. Over the period from 1941 to 1945 the total sales of consumer goods in Canada increased by 36 per cent, whereas instalment sales decreased by 41 per cent. There was more than one reason for that decrease. The restrictive elements of the legislation were in existence at that time. There was also a decrease in the amount of consumer goods affected by the legislation because, as honourable senators will recall, manufacturing plants turned from the production of consumer goods to the production of war goods.

I have observed by the press that the United States is introducing legislation similar

to the bill before us. An honourable senator has asked me about the constitutional aspects of this bill. I submit that quite aside from any war powers given to the Dominion Government under the peace, order and good government provision of the British North America Act, there are plenty of powers given under section 91 of that Act. I refer to such classes of subjects as currency and coinage, banking, incorporation of banks, the issue of paper money, savings banks, bills of exchange and promissory notes, interest, and legal tender. Anticipating that some honourable senator would ask me that question, I took the trouble to find some legal authority on the subject. I refer to the Canada Supreme Court Reports, 1938, page 100, under the heading "In the Matter of Three Bills passed by the Legislative Assembly of the Province of Alberta." The headnotes to the decisions read in part as follows:

*Per Duff, C.J. and Crocket, Davis, Kerwin and Hudson, JJ.*—Such machinery, as established by The Alberta Social Credit Act, in its essential components and features, comes under head No. 15, "Banks and Banking."

*Per Duff C.J. and Davis and Hudson JJ.*—Even if such legislation is not strictly within the ambit of No. 14 or No. 15—

That is, of section 91.

—or partly in one or partly in the other, then this legislation is *ultra vires*, as its subject-matter is embraced within category No. 2 of s. 91, "Regulation of Trade and Commerce."

I doubt that head No. 2 of section 91, "Regulation of Trade and Commerce," is one of the factors giving us the right to enact this legislation. However, in the light of the decision I have referred to, I have no doubt at all as to the constitutionality of this bill, quite aside from war legislation.

I may have spoken a little rapidly. My honourable friend asked me whether this was war legislation and I said it was not. I think it is legislation brought about by conditions and anticipated conditions resulting from trouble in Korea and the possibility of trouble elsewhere. The word "temporary" is used in the title of the bill—"An Act to make temporary provision for the regulation of consumer credit." I do not think it is a temporary provision. In my opinion it will last two years, irrespective of whether the Korean situation is cleaned up within the next two weeks or continues and becomes intensified. The legislation will last for two years anyway, and I am under the impression that it will remain in effect after that time. It is social legislation designed for the purpose of holding down the excessive increase in prices which has been so disturbing to our economic life in the last few years, and which gives signs of being more disturbing in the future. The bill is also designed in anticipation of the very

considerable expenditures planned by the government on military equipment, all of which will tend to provide purchasing power without at the same time increasing the supply of consumer goods that take up the loose cash in the jeans of our fellow citizens.

**Hon. Mr. Vien:** Does the honourable senator not consider that the constitutionality of the measure is more strongly supported by the preamble, which deals not so much with the social interest of the nation as with defence preparations?

**Hon. Mr. Roebuck:** Yes.

**Hon. Mr. Vien:** After referring to certain possible developments the preamble says:

... and it may therefore be necessary, as a further measure to counteract possible adverse effects of these developments upon such defence preparations . . .

I should think that this aspect, rather than the social welfare aspect, is likely to make the bill constitutional.

**Hon. Mr. Roebuck:** I think the honourable senator is right. I mentioned both aspects. It may be that one is stronger than the other, but undoubtedly the purpose of the measure is, firstly, social—to restrain rising prices; and, secondly, to influence the flow of commodities into the war effort rather than into the hands of consumers. Obviously, if you decrease the number of buyers or the amount of credit or money or purchasing power in the hands of buyers, less production will flow into consumer goods and therefore more will be available for the war effort.

**Hon. W. M. Aseltine:** Honourable senators, after listening to the honourable gentleman from Toronto Trinity (Hon. Mr. Roebuck) I have come to the conclusion that this is very unusual legislation and entirely different from any previous measure having a similar objective. I do not intend to go into the constitutional aspect of the bill. I take it for granted that the law officers of the Crown have looked into that matter carefully and have decided that it is within the powers of the federal parliament to pass legislation of this kind.

I have not had much opportunity to examine the bill, for it came into my hands only at 11 o'clock this morning.

**Hon. Mr. Roebuck:** That was when I got it.

**Hon. Mr. Aseltine:** Then I must congratulate my honourable friend upon the research he has been able to do in a very short time.

**Hon. Mr. Roebuck:** That is very kind.

**Hon. Mr. Aseltine:** No doubt some legislation such as this is necessary at present. Just how necessary it is perhaps cannot yet

be decided. In my opinion the bill has been hurriedly drawn and is far from complete. Senators who have read it will have noticed that it gives the government and the Minister of Finance complete blanket authority to do whatever they think is necessary or whatever they want to do in controlling the buying of consumer goods. In that respect it goes, I think, much farther than any legislation of this kind has ever gone before, and if carried to the extreme it might oblige everyone to pay cash for all purchases. That of course would interfere greatly with the conduct of business in this country.

My remarks will have to do principally with the effect of the bill upon Western Canada. Everyone here knows that up to the 16th of August we had growing in the prairie provinces perhaps the greatest crop of wheat that they have ever produced. It was a magnificent crop, in many cases standing as high as a man's arm pits. The grain was developing into what is known as six-rowed wheat—that is, three rows on each side of the head all the way up—and there was a prospect of harvesting a 40-bushel crop. But on the 16th of August a great calamity hit the Western provinces. That night we had from five to ten degrees of frost, which not only seriously damaged the crop by lowering the grade but reduced the yield to about half of what had been expected. As a result, the Western provinces will have only about a 40 per cent crop, and the farmers will not have much cash. They are going to be obliged to buy machinery, equipment, refrigerators and other necessary articles upon the instalment plan. What effect this measure will have upon these primary producers depends upon how far it goes. Take the young farmer just starting up in business. He must acquire a great variety of machinery, an automobile, a truck, and perhaps a combine. If he is to carry on at all, he must buy those goods on the instalment plan. I do not know whether this bill permits him to borrow money at the bank or not, in order to pay cash for the goods. My honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) indicated that the provisions of this bill might bar him from doing that.

**Hon. Mr. Roebuck:** There is power to do so.

**Hon. Mr. Aseltine:** Subsection 1 of section 3 of the bill gives the Governor in Council absolute power to make regulations. I am pleased, however, that it does not interfere with the usual practice of instalment buying of land. As honourable senators know, land is often bought with a small down payment, the balance being paid either by instalments of cash over a term of years or by crop payments. Though farm lands may still be

bought on time, this measure would place restrictions upon the farmer who wants to buy equipment on an instalment basis. Very few farmers can afford to pay for the machinery which they require in less than a year or even sixteen months. The usual practice is to make a down payment and to pay off the balance over the next two or three years.

We must consider also the position of a young man who is preparing to get married and who wants a home of his own. Most of us in this chamber have been married at least once, and when we started out we bought our household goods and furniture on the instalment plan. Of course in those days we were young and reckless, and the fact that it might take two or three years to liquidate our debts did not bother us. Even today many of us, especially those who come from Western Canada, have no more money than they need.

**Hon. Mr. Euler:** There are exceptions.

**Hon. Mr. Aseltine:** If we try to buy things on the instalment plan in the face of the provisions of this bill we may find ourselves in difficulties.

I offer another illustration as a basis for a further objection. In my home town in the province of Saskatchewan there is now being constructed a very expensive waterworks and sewage system. Hundreds of the townfolk will not be able to install the water system, buy the sinks, bathtubs and other equipment, unless they are permitted to do so on a fairly liberal instalment plan. I should like to know if the government intends to apply the provisions of this bill in such a way as to prevent these people from modernizing their homes and enjoying benefits which larger towns and cities now have.

For the reasons I have given, I am reluctant to vote for the bill until the extensive powers which it confers have been clearly defined, so that I will know exactly what I am voting for. As a western senator, I should like to know to what extent this measure will interfere with the development of the Prairie Provinces. It may be that the object behind the bill is to prevent a high-pressure salesman from persuading the housewife to buy some gadget on an instalment plan under which she pays a dollar a month for the rest of her life. If that is the object contemplated, I am in favour of that feature of the bill.

I want to voice my objection to the penalties for which the bill makes provision. The measure sets forth only the maximum penalties, and leaves to the Governor in Council the power to make regulations as is seen fit. I

think that is bad legislation and bad law, and we should not agree to it.

If the house is prepared to pass this measure, I suggest that its life be limited to a period of one year. By the end of that time we would know the effect of the measure, and whether the country favours the continuation of such legislation. True, parliament has the right to review any legislation, but my experience has been that measures of this kind run on until they expire. For my part, I hope the government will see fit to amend section 5 so as to make the legislation operative for one year only.

**Hon. Salter A. Hayden:** Honourable senators may I add a few words to the debate on this bill?

Unusual times bring about unusual legislation, and this bill is no exception. If in normal times the Governor in Council had asked for power to make regulations restricting consumer goods without spelling out the scope of the regulations, and sought the further power to determine what goods are essential, we would immediately want to know in detail the purpose of the measure and to what extent its provisions would be used.

In discussing the bill, I do not intend to be severely critical of it because of the absence of things which should normally appear in legislation. My view is that this bill is intended to meet a temporary situation; by that I mean until the next session of parliament. If we continue to expand our defence preparations, and encroach further upon our economy by channeling civilian materials to meet the demands of defence, we must expect within a very short time to face further restrictions and controls.

This bill cannot be regarded as a cure-all. It is intended to keep down certain tendencies which have appeared recently. With that in mind, I repeat that I do not propose to be critical of the bill.

There is no doubt that the government has the authority to enact this legislation. So far as currency is concerned, section 91 of the British North America Act puts it within the federal jurisdiction. The same section makes the subject of defence a federal matter. I would go so far as to say that even omitting the questions of currency and defence, which are specifically federal matters, the subject matter of this legislation is one that concerns not only the national safety of Canada, but the welfare of all Canadians. Once that is admitted, there can no longer be any question of encroachment upon the provincial field of jurisdiction as regards property and civil rights. In those

circumstances, even in the field of credit one can envisage both the federal authority and a provincial authority enacting legislation which could remain operative so long as it entailed no conflict between the provinces and the dominion. If a clash should occur, of course the federal authority would override the other.

The honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) referred to an Alberta case decided in 1938. In a more recent judgment that of the Privy Council in 1947, the right approach to the consideration of this question is clearly spelled out. I refer to the case of *Attorney General of Ontario vs. Canada Temperance Federation*, Dominion Law Reports (1946), volume 2. What the court stated in dealing with the Canada Temperance Act applies equally here:

In their lordships' opinion, the true test must be found in the real subject-matter of the legislation: if it is such that it goes beyond local or provincial concern or interests and must from its inherent nature be the concern of the dominion as a whole (as for example in the *Aeronautics Case* . . . and the *Radio Case*) then it will fall within the competence of the dominion parliament as a matter affecting the peace, good order and good government of Canada, though it may in another aspect touch upon matters specially reserved to the provincial legislatures . . .

True it is that an emergency may be the occasion which calls for the legislation, but it is the nature of the legislation itself, and not the existence of emergency, that must determine whether it is valid or not.

So far as I am concerned I do not think that there is any constitutional question. There is no doubt as to the right of the federal parliament to enact this legislation. Rather, to my mind, the question is, first, as to the necessity of it; second, whether it should go as far as it does; and, third, whether the federal government is doing something which is an abuse of its authority and, under the guise of that authority, is encroaching upon the provincial field? I think that if you apply those three tests you will have to come to the conclusion that the Parliament of Canada is dealing with a problem which is national in scope.

We members of the Canadian Parliament have obligations as respects Canada's membership of the United Nations; we have obligations to our own people; we are influenced by our concern for their safety and welfare. The problem is plainly a national one; and while we are not talking in terms of war, or apprehended war, the protection of the state and the prevention of war demand that we put our defences in order. Often one has to fight harder for peace than for war. The so-called police action which is going on in one part of the globe cannot, from the point of view of any member of the United Nations, be called war: nevertheless,

people are fighting. One has to keep in mind the underlying purpose, which is to guarantee for the free peoples of the world the right to live and conduct their affairs and practise their religion in a manner acceptable to them as socially-minded and cultured human beings.

As far as this legislation is concerned, there is no use fooling ourselves; it means control. To restrict consumer credit is a measure of control; but, as the government see the matter, under the circumstances it is essential for the protection of our economy at this time. They propose to control and regulate the production and use of essential materials and supplies, because in their opinion it is necessary to do so.

Frankly, I am not sure that this measure will accomplish all that is expected of it. If the present situation continues, it will inevitably lead to price, wage and rent controls. We shall revert to all the controls which attained their full bloom and vigour in the last war. This legislation marks the beginning of a trend. We cannot for long go on doing the things which the government proposes in the pattern of legislation before us without inevitably reaching a point where more stringent measures of control will have to be applied.

**Hon. John T. Haig:** First, I would congratulate the honourable member for Toronto-Trinity (Hon. Mr. Roebuck) on his very able presentation, and the honourable member from Rosetown (Hon. Mr. Aseltine), who certainly expressed the reactions to this legislation of the small man throughout the country. When the honourable senator from Toronto-Trinity began his speech the gallery was full; half way through, it was empty. I do not know whether this was because it was such a good speech or such a bad speech. At any rate, the audience disappeared.

**An Hon. Senator:** Perhaps they heard that you would follow him.

**Hon. Mr. Haig:** I think this legislation will effect some reduction of purchasing power. It is not my intention to criticize it, except to the extent of saying that I do not like the sort of legislation which confers power on the government to make regulations and to prescribe punishments for breaches of those regulations. I think that is a wrong principle altogether. The honourable senator from De Lorimier (Hon. Mr. Vien) did not follow up his objections with a speech, as he might have done; but he has indicated a method of procedure which none of us likes.

I agree with the honourable member for Toronto-Trinity (Hon. Mr. Roebuck) that legislation of this kind may be necessary, but also I agree with the honourable member from

Rosetown (Hon. Mr. Aseltine) that the date of termination might well have been one year hence. No new legislation would have been necessary; only a resolution before July 31 next year by the two houses to continue the statute in force for a further period. Over long years in this house we have found this restriction a pretty good one. Remember the moment this bill becomes law a bureaucracy will be built up to put it into effect. I do not say that this is not necessary; but the tendency to continue such an organization indefinitely is one which exists, and will have to be carefully watchèd. I agree with what the Minister of Finance said the other evening when he was dealing with the question of controls. He struck a high note, a key-note of sanity, the best I have heard in all the speeches he has delivered since he came into office.

For the past three or four years the Government of Canada has released to the people of Canada credit on a scale never approached at any previous time. Let me illustrate. It may be said, "Well, there was necessity for it". That may be so, but let us discuss for a moment what the government has done. Under the National Housing Scheme the government loaned such large sums of money that during the past six or eight months persons building under the N.H.A. could acquire houses for extremely small down payments. This had the effect of releasing credit in a tremendous way. I am not arguing that our people were not in need of these houses, but I am concerned about the credit aspect of the question.

Another thing the government did was to tell the banks they could lend money to farmers to enable them to buy trucks, tractors, swathers and other farm machinery. The government guaranteed 15 per cent of the total loans made by the banks, but did not guarantee the individual contracts. In other words, if notes were not paid on \$15 million of a total loan of \$100 million, the government would pay the \$15 million. This scheme also had the effect of letting loose millions of dollars in Canada. Again I am not arguing that our farmers were not entitled to receive any credit, but I am concerned about the extent of that credit.

Then the government reduced the interest on Dominion Government bonds to 2½ per cent. The honourable senator from Toronto-Trinity (Hon. Mr. Roebuck), in answer to a question by me, said that if the government increased the return on bonds to 4 per cent a lot more of them would be sold. Later the honourable senator from Toronto (Hon. Mr. Hayden), argued that this would increase the cost of living. But it does not do that. It would affect those who pay income tax, but the cost of living of a young man who is

supporting a wife and two children on an income of \$2,400 a year would not be increased, because he does not pay any income tax.

**Hon. Mr. McKeen:** What about sales taxes?

**Hon. Mr. Haig:** They do not come under this bill, but I warn my honourable friend (Hon. Mr. McKeen) that if this sort of thing continues he will find out when the next budget is brought down just how important income tax is in the tax structure of our country.

**An Hon. Senator:** We already know it.

**Hon. Mr. Haig:** Honourable senators, the three factors I have mentioned have increased the spending of money in this country no end. It might be political dynamite to cut off credit to the farmers, so that they could not buy expensive farm machinery, or to curtail loans on housing projects, or to pay 4 per cent on government bonds; but I maintain that if these things were done they would result in the saving of more millions of dollars than will be saved under this legislation.

My honourable friend from Vancouver South (Hon. Mr. Farris) recently said that if I had any solution to the present high cost of living problem I should offer it to the government. Again I say that this is not my duty, but I will say that the crux of the problem is the expenditure of vast amounts of money. For instance, I was told in one of our standing committees last year that the profits made under the National Housing Act were turned over to the government. Perhaps that is true. But how were those profits made? When the National Housing scheme was set up the government transferred to the distributors under the Act \$140 million worth of housing which it had built in this country during the war.

**Hon. Mr. Aseltine:** How much did they pay for that?

**Hon. Mr. Haig:** Not a nickel. They promised that the net profit made every year would go to the government as payment on the housing they took over, but there is no way for the National Housing people to show a profit until the \$140 million worth is used up. Houses were built in the vicinity of military camps and war plants between 1942 and 1944, when building costs were about one-half what they are today; therefore considerable profit was made in the sale of these houses. I am not criticizing what was done, but I am saying that it let loose on this country millions of dollars of credit which was used to purchase goods, and that consequently the price of goods went up.

What I am trying to get at is this: the bill only covers the little fellow, the man who is receiving an income of \$2,000 or \$2,500 a year and who wants to get married or buy a half section of farm land. I do not think this legislation hits the honourable senators from Vancouver (Hon. Mr. McKeen), Toronto (Hon. Mr. Hayden), Toronto-Trinity (Hon. Mr. Roebuck) or Provencher (Hon. Mr. Beaubien). It does not worry people who own their own homes; it only affects the little fellow. I think we should give attention to bigger accumulation of capital.

I recall that from 1942 to 1944 good houses were selling for only \$8,000. In fact, I once sold the house in which I am now living for \$8,000, but the man who bought it could not meet the payments and I had to take it back. Well, the other day I refused \$14,000 for it, and the prospective purchaser was willing to pay me a little over \$14,000 if he could get immediate possession. Credit has forced up the purchase price of houses. The minute the government adopts a credit system it should cover the whole field.

I notice that in connection with the National Housing scheme the government claims it is only going to lend money on the basis of the prices which prevailed before the latest increase in the cost of lumber. A young man wrote to me the other day and told me he had to pay \$4,000 for a second-hand combine. That is a lot of money.

**Hon. Mr. Euler:** What did he buy for \$4,000?

**Hon. Mr. Haig:** A combine.

**Hon. Mr. Aseltine:** A combination thresher—

**Hon. Mr. Euler:** I know what it is.

**Hon. Mr. Haig:** I appreciate the arguments advanced by my honourable friend from Rosetown (Hon. Mr. Aseltine), but like the senator from Toronto (Hon. Mr. Hayden) I believe that this struggle is far more serious than most people seem to think it is. This is the third time in the present short session that I have expressed that opinion. I fear that the people of Canada are not awake to the threat that we face right now. We are going to have to cut down our standard of living and our scale of expenditures, and there will have to be some restrictions on our free and easy way of life. Canada is a great country and the standard of living here is high. Our people are noted for their hospitality, and living accommodation is good for a young country of only 14 millions. But as somebody said the other day—I think it was the senator from Churchill (Hon. Mr. Crerar)—there is something more precious than all that.

Like the member from Toronto (Hon. Mr. Hayden), if I thought the passage of this bill would in the slightest degree help to protect the liberty that we Canadians enjoy, I would vote for it, even though I appreciate the arguments of my honourable friend from Rosetown (Hon. Mr. Aseltine) and others.

The senators from Toronto-Trinity (Hon. Mr. Roebuck) and Toronto (Hon. Mr. Hayden) apparently have a good deal of influence with the administration—they speak on all important government measures—and I would suggest that they urge the appropriate minister to make a study of all prices that have been increased and see whether some reduction cannot be made in them. I think it is safe to say that rarely does anyone of us now ever receive a letter which does not complain about the high cost of living. Regardless of the part of the country in which the writer lives, if he is a thinking person at all he will mention how high butter has gone, or sugar or tea, or tires, or some other commodity.

**Hon. Mr. Aseltine:** Or beef.

**Hon. Mr. Haig:** Beef is a luxury which only few can now enjoy, and then only in very small quantities.

**Hon. Mr. Quinn:** Except in Toronto.

**Hon. Mr. Robertson:** How about Blaine Lake?

**Hon. Mr. Haig:** I am not too critical of Toronto. It is probably a pretty nice place, but of course not half as good as Winnipeg.

I urge the government to make a study of the prices of goods in general and try to find some way of curbing the rise in the cost of living, so that the wage earner, farmer, fisherman, bushworker—in short, the ordinary small man—may be able to live decently under present conditions in Canada.

**Hon. Wishart McL. Robertson:** Honourable senators, I would not take strong issue with some of the points made by the leader of the opposition (Hon. Mr. Haig). I of course agree with him that this bill attempts to deal with only one phase of the problem of the steadily rising cost of living. I agree also that under this particular bill it would be desirable to take whatever measures should be taken so as to regulate consumer credit. He criticized, among other things, the amount of credit extended for the building and purchase of homes. I feel that when action is being taken under this bill the government should make regulations governing the terms on which credit may be obtained for these purposes, and I believe the minister has already intimated that this will be done.

I find it more difficult to follow my honourable friend's reasoning as to the interest on government bonds. He suggested that the government had forced the rate down to 2½ per cent. As I understand it, with my limited knowledge of these matters, that rate was fixed because so many people were eager to buy the government's 3 per cent bonds that those securities commanded a premium on the market and the net yield to purchasers approximated 2½ per cent. In other words, it became evident that there were plenty of willing purchasers of government bonds yielding 2½ per cent. Of course, if this government had not practised reasonable economy in the administration of the country's affairs, and had had to borrow sums far in excess of what it has been borrowing, it undoubtedly would have had to raise the interest rate in order to attract purchasers. The principle is very elementary. If the interest rate at the moment is low, it is because the government has so conducted its affairs as to avoid the necessity of borrowing excessively. In any event, I can see no connection whatever between this matter and my honourable friend's general thesis.

Honourable senators, I should like to take a few minutes to make one or two general references to the subject of price control. My honourable friend says that the government is not exercising sufficient control. The senator from Toronto-Trinity (Hon. Mr. Roebuck) pointed out various aspects of this problem, and there is no need for me to add that it is a very difficult one. Let me make a brief review of what has been done with respect to controls in recent years. War broke out in September 1939, but there was no control of prices for about two years. In calculating the cost of living index the average price from 1935 to 1939 is taken as 100, the base index. At the outbreak of war the figure was 100.8, and by the time controls were first put into effect, in October 1941, it had risen to 115.5.

In the fall of 1945 the National Emergency War Measures Act, providing for the continuation of controls in the period of transition from war to peace, was passed. It continued in force orders in council that were in effect under the War Measures Act and empowered the Governor in Council to repeal or amend any orders or to make new ones as deemed necessary to effect an orderly transition. At that time the cost of living index stood at 119.9.

On July 5, 1946, the Canadian dollar was brought back to par with the United States dollar. Honourable senators will recall that it was at a discount of 10 per cent throughout the whole period of the war. This action by

the government was presented to parliament at that time as being part of a program of control, to lessen as much as possible the likelihood of rising prices. Speaking at that time, the minister said:

(a) Higher prices for Canadian imports tend to push up production costs and the costs of living in Canada.

(b) An increase in foreign prices for our own export products also stimulates pressure for increases in the domestic price of such commodities.

(c) The adjustment in the exchange rate will help offset the effect of high and rising prices in other countries. It will mean that the cost of imports will be 10 per cent less in Canadian dollar terms than would otherwise have been the case.

(d) Another benefit from this change will be that prices of goods which we normally buy from England, France and a number of other countries will now be more in line with our prices, with the result that we will receive more goods from them.

In general, honourable senators, the government sought to counteract the trend of rising prices by bringing the Canadian dollar back to par, thereby reducing the cost of imports from the United States and relieving the upward pressure of increased costs on the domestic market entailed by the difference between the value of the Canadian and the American dollar. In July, 1946 the cost-of-living index stood at 125.1.

In May, 1947 parliament passed the Continuation of Transitional Measures Act, which provided for the continuance in force for another year of fifty-seven regulations. The Act did not permit the Governor in Council to pass new regulations or to amend old ones, but it permitted the rescinding of any which were thought unnecessary. The cost-of-living index was then 133.1. In passing, I cannot refrain from saying that I thought the government a little unwise at that time in deciding to continue in force precisely 57 regulations. I recall quite clearly the attack the honourable leader opposite made on this proposal, in respect to which he said:

I strongly advise the government—though I do not suppose it will listen to my advice—to get out of this control business just as fast as it can. I suggest too that it never go back to these controls, because there are 57 reasons why the people of this country will be angry at them if they do.

Of course I expected him to pounce on the 57 regulations.

**Hon. Mr. Haig:** That is just what the Minister of Public Works said the other night, is it not?

**Hon. Mr. Robertson:** I am merely pointing out another instance of an expression of my friend's strong objection to controls, with which I find fault.

As a result of the exchange crisis, brought about largely by the spectacular increase in imports from the United States, measures were

taken in November, 1947 to drastically control and in some cases prohibit, the importation of certain goods from that country in order to conserve our supply of foreign exchange. The cost-of-living index at that date was 143·6.

When legislation for the further continuation of the Transitional Measures Act was presented to parliament in March, 1948 the government asked for the continuation of only 27 regulations regarding controls. At that time the power of the Governor in Council was limited in the same way as it had been in 1947. The cost-of-living index as of that date stood at 150·8.

By March, 1949, the number of regulations had been reduced to 12, and the government asked for the continuation of these for one year. The cost-of-living index had then risen to 159·2. On September 18, 1949, as a result of conditions brought about by the drastic devaluation of the pound sterling, Canada devalued her dollar by 10 per cent. The cost-of-living index at that time had reached 162·3.

By March, 1950, the only remaining controls were those with respect to rentals. The Continuation of Transitional Measures Act was amended to continue these controls for a further thirteen months, at which time the government said that it intended to abolish them altogether. By March of this year the cost-of-living index had gone up to 163·7 points, and on August 1, last, it stood at 168·5.

I draw the attention of honourable senators to the fact that during the five-year period from the end of the war up until the present time, the index rose from 119·9 to 168·5. During the same period there was a gradual reduction in the number of control regulations.

The honourable leader opposite and the members of his party were not the only ones whose voices were heard in favour of decontrol; there was no disagreement on this side of the house as to that general policy; and I think that it met with the overwhelming approval of the country at large. Indeed, such criticism as one heard was caused more by the delay in removing controls than the fact that they were being removed. The suggestion was frequently made that controls were all right in wartime, but that in times of peace they should be discontinued. But the bald fact remains, honourable senators, that during the period from 1945 to 1950, when there was a gradual relinquishing of controls, there was also a gradual increase in the cost-of-living index of approximately 10 points a year.

**Hon. Mr. Horner:** Will the honourable leader permit me to suggest that it was because

of the controls that living costs rose so rapidly? I intend to touch on that question in the remarks I shall make later.

**Hon. Mr. Robertson:** I am just pointing out that there was no general disagreement with the policy of decontrol. Though competition in the price field is the basis of our economy, it is interesting to note that as the controls were removed living costs rose.

The cause of our difficulty today, as the honourable leader opposite has explained, is that the demand for goods far exceeds the supply. It is as simple as that. The desire for goods and services has driven prices upwards, while incomes and employment have remained at a high level. In our desire for the removal of controls we overlooked the fact that during the war years there was an almost complete cessation of buying. My advice to people during the Victory Bond campaign, was like that of everyone else, "Save your money now and spend it after the war." At the time that was a perfectly reasonable and natural thing to say.

A second factor in stimulating the demand for goods was the remarkable transition from war to peace with far less unemployment than was originally anticipated. Sitting at one of the meetings of the Cabinet which I attended after the cessation of hostilities, I wondered how upwards of a million and a half people in the armed services and in war industries could be absorbed into the ordinary economy of the country without widespread unemployment and a violent social upheaval. Had great numbers of people been unable to find work, there would have been a great reduction of purchasing power.

However, through one cause or another, the transition from war to peace was made with hardly any increase of unemployment. One favourable factor which perhaps had not been foreseen was the extraordinary optimism of Canadian business generally regarding the future of our country. I myself marvelled that hard-headed businessmen would contemplate vast programs of capital expenditure at the price levels at which those expenditures had to be made. As honourable senators know, of recent years our capital expenditures, largely though not entirely for business development, have exceeded three and a half billion dollars a year. Consequently we have been favoured with continuous capital expenditures, to which were added the outlays on various undertakings by federal, provincial and municipal governments. The remarkable optimism which prevailed after the war was reflected in an extraordinary program of development which yielded great immediate benefits and was all

to the good so far as the future of Canada is concerned. On the one side was an extraordinary demand; on the other side, in one form or another, were curtailments of various sources of supply. Ordinarily goods and services come from two sources: what we ourselves produce, and what we import. As regards the first our productive facilities went ahead at full speed, and with some minor exceptions, practically every productive business in this country has been fully engaged.

Conditions were not quite so easy in the field of imports. For a year and a half after 1945, the exceptional demands of our people for goods from the United States resulted in imports out of relation to the amounts we were shipping out. This precipitated a crisis which necessitated the imposition of controls and restrictions in respect of exchange. It is true that the volume of imports from the United States in 1946 and 1947 was not much greater than the amount we are absorbing at this time. The difference lay in the much smaller volume of exports which we were then sending to the United States.

In November of 1947 our supply of manufactured products was seriously reduced following the control, the curtailment and in some cases the total prohibition of imports from the United States. On the one hand we were faced with a constantly increasing demand for goods; on the other, with a definite curtailment of imports, because, for one reason or another, European countries were not in a position to supply us with much that we needed. In that period competition never had a real opportunity to function. The demand in relation to the available supply was probably just as great as it had been in any period during the war, but the supply remained limited.

The question, honourable senators, is, where do we go from here? During five years the price level has risen fifty points, an average of ten points a year. At present practically nothing except rents is controlled. At least as far as government controls are concerned, competition is free. Where shall we be five years from today? The answer, if it is to be satisfactory, must depend on an increase of our domestic productive facilities and the ability to import. At the moment there are two difficulties in the way of importing as an element in reducing the cost of living. One is the effect of tariffs or other artificial restrictions on imports from the country where we are most likely to get them, namely the United States; the other is the problem of the depreciated dollar, which

acts as a sort of tariff and enhances production costs. It is not so easy to say what other factors enter into the matter. I remember about a year ago when I announced to the house the depreciated exchange value of the Canadian dollar, I remarked that I agreed with the government's action, as under all the circumstances it was probably inevitable. I regretted, however, that it had to be taken, because I believed it would be a factor in increasing our costs.

Today we in this country are faced with very difficult and constantly changing conditions which will have a very marked influence on our economy. Not so long ago, when comparisons were made of the wage levels of this country and in the United States, it was invariably argued that, if wages in Canada were less, so was the cost of living, at least as regards farm products. Even when it was conceded that such manufactured articles as automobiles and electrical equipment could be had more cheaply in the United States, the reverse was said to be true as regards our basic agricultural products. Probably this was largely true: the domestic prices of these commodities were largely governed by those prevailing in the European markets to which most of our farm products were exported. Whether or not it was logical, there was always the argument that in this country labour must accept a lower rate of pay because of the cost of living.

What do we find now? Our economy is moving more and more towards integration with that of the United States. I think it has been said that this year our imports from the United States will be in the vicinity of \$1,900 million, and that with the exception of gold our exports to that country will be approximately only \$200 million less than our imports from it. This means that our exports to the United States will be almost double what they were in 1946. It is inevitable that as more and more of our primary products are exported to the United States, the price of these goods on the home market will become the American price rather than the prevailing price on the British or European markets. For instance, in Canada today the price of meat and lumber is the American price; in fact, it is the American price plus 10 per cent. As the economies of the United States and Canada become more closely integrated, as they may, the consumers of this country will pay more for the whole range of secondary goods.

Last session my honourable friend from Churchill (Hon. Mr. Crerar) mentioned automobiles and certain electrical goods as instances of articles for which the Canadian consumer pays more than the American price.

I noted his figures, and the percentage of increase that he gave was about 25 per cent in one case and 30 per cent in the other. These increases may be typical. Figures disclose that Canadian consumers spent \$1,200 million for automobiles and electrical goods in 1948, and the honourable member from Churchill pointed out that in that year Canadian consumers paid \$3 million more for these two classes of goods than did the American consumers. The reason is obvious. It is because of our general economic structure. If it develops that prices in the whole field of primary goods should become the American prices plus 10 per cent, the result will be an almost intolerable condition which will have terrific social consequences. I want to emphasize the seriousness and the ramifications of this condition—and I am sure there is only one answer to it and that is to have increased competition.

**Hon. Mr. Horner:** I would point out that a duty is paid on Canadian cattle entering the United States.

**Hon. Mr. Robertson:** Yes, that is true, but I am hoping that under the arrangements which are to be made this duty will be lessened if not withdrawn entirely. I am sure that my honourable friend from Blaine Lake (Hon. Mr. Horner) is also hopeful of this. It is a perfectly natural way to feel, and I know that I would like to see the duty removed from every product that is exported to the United States from Nova Scotia. Again I say that in my opinion there is only one solution to this problem, and that is the greater production of economically made goods or, in other words, greater competition.

As the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck) and the leader opposite (Hon. Mr. Haig) pointed out, the measure before us is only temporary and palliative, and is being introduced for the purpose of trying to curtail too much purchasing at a particular time. I think the answer is to have sufficient goods to go around. So far as the members of the Atlantic Pact are concerned, the solution is to remove as quickly as possible the obstructions to the free flow of trade between themselves.

**Hon. Mr. Horner:** In your opinion the answer is not a 40-hour week?

**Hon. Mr. Robertson:** The 40-hour week really has no significance here. The object of those who want a 40-hour week is not to be restricted to working 40 hours a week, but to get a higher rate of pay for any time worked over the 40 hours.

**Hon. Mr. Horner:** But surely fewer goods are produced in a 40-hour week?

**Hon. Mr. Robertson:** It does not necessarily follow that because a 40-hour week is adopted a man cannot work more than that length of time. For instance, it is immaterial whether a farmer work 365 full days a year or only lives on his farm two weeks in the spring and fall and spends the rest of his time—as I have been told is the case with one farmer from southern Saskatchewan—in a comfortable hotel suite. Some farmers are wealthy; some are not. Some run their business one way and some in another. The important factor is to have the greatest possible competition, and I suggest that for one reason or another competition has not had a chance in the last five years.

**Some Hon. Senators:** Hear, hear.

**Hon. Arthur W. Roebuck:** Honourable senators, the advantage in closing a debate is that the speakers who proceed you cover most of the ground, but there are one or two points that are worthy of mention at this time. My honourable friend from Rosetown (Hon. Mr. Aseltine) was concerned about the farmer who might want to purchase agricultural implements on time, and he expressed the hope that such buying would not be prohibited under this Act.

**Hon. Mr. Aseltine:** How do we know it will not be?

**Hon. Mr. Roebuck:** We do not know. Paragraph (b) of section 2 of the bill reads as follows:

"Consumer goods," means any goods or class of goods declared by the Governor in Council to be consumer goods for the purposes of this Act.

In other words, as long as they are goods to be consumed, they are considered to be consumer goods and may be so classified under this Act.

**Hon. Mr. Aseltine:** What does consumption mean?

**Hon. Mr. Roebuck:** I suppose it means to use up. The goods of the particular type to which my honourable friend referred are usually described in financial circles as producer goods. It would be unheard of for producer goods to be included as consumer goods under a bill of this kind. Producer goods were not included in the last Act, and I am sure they will not be included in this one. The honourable member from Rosetown wants to know what steps are to be taken under this bill. I should like to know that too, if it were possible.

**Hon. Mr. Aseltine:** I think we should be given some information about it.

**Hon. Mr. Roebuck:** Well, I can assure my honourable friend that none is available.

What I wish to say, in closing the debate, is that the mists are hanging very heavily over the future, and none of us can see very far ahead. Nobody knows what conditions may develop, what necessities may arise. No one is able to tell us what the government is likely to do under this bill within the next two years.

The leader of the opposition (Hon. Mr. Haig) fears that the legislation may be the first step towards the setting up of a great bureaucracy. We of course have had a little experience in measures of this kind, and I am able to give him some information as to that. The consumer division of the Wartime Prices and Trade Board handled legislation which, in principle at least, was almost exactly the same as this, and at the peak of its activities the division employed only about forty persons. From 1941 to 1945, during which years price control was in force, there were only 303 prosecutions for infractions of the law, and 290 convictions. The total fines paid in all that time amounted to only \$38,000. There was not very much bureaucracy in that.

The leader of the opposition argued forcefully that this measure applied to the small man, and urged that its provisions be extended to the big fellow. I should like to point out that the control provided for here will apply to the finance corporations as much as to the consumers who deal with them. It may be interesting to note that in 1949 the retail financing of consumer goods by finance acceptance corporations amounted to \$190 million. That is not chicken feed; it is big business; and the people who run it are not the little fellows.

**Hon. Mr. Hayden:** As I understand it, consumer credit is not going to be wiped out completely.

**Hon. Mr. Roebuck:** By no means. Probably a limit will be set to the amount of credit that may be given for the purchase of articles which can well be done without, and purchasers of those articles may be required to pay back the balance more promptly than at present. During the last war the largest deposit required of purchasers on the instalment plan was one-third of the value of the goods, and a higher percentage is not likely to be demanded now. The time within which credit balances must be paid may be curtailed a bit. However, I do not think that any action taken under this bill will hurt anybody, even the chap who is getting married and plans to buy his wife a sink in which to wash the dishes.

The motion was agreed to, and the bill was read the second time.

THIRD READING

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

**Hon. Mr. Robertson:** With leave of the Senate, I move third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

ESSENTIAL MATERIALS (DEFENCE) BILL

FIRST READING

A message was received from the House of Commons with Bill 5, an Act respecting materials and services essential for the purposes of defence, and national security.

The bill was read the first time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

**Hon. Mr. Robertson:** Next sitting.

The Senate adjourned until tomorrow at 11 a.m.

## THE SENATE

Wednesday, September 13, 1950

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers and routine proceedings.

### BREN GUNS AND AMMUNITION

#### INQUIRY

On the inquiry:

1. Have any Bren guns and ammunition been reported missing or stolen from armouries throughout Canada during the past six months? If so—
2. How many such guns and how many rounds of ammunition have been so reported as missing or stolen?
3. What recoveries have so far been made of any Bren guns or ammunition missing or stolen?
4. Are night watchmen or guards maintained at all armouries and ammunition depots? If not, why not?

**Hon. Mr. Robertson:** I would ask that this inquiry stand, but in doing so I assure the honourable senator from New Westminster (Hon. Mr. Reid) that I have not neglected the matter in any way. I hope to have the information required—which has to come from all the armouries across Canada—by this afternoon or, at the latest, tomorrow.

The inquiry stands.

### ESSENTIAL MATERIALS (DEFENCE) BILL

#### SECOND READING

**Hon. S. S. McKeen** moved the second reading of Bill 5, an Act respecting materials and services essential for the purposes of defence and national security.

He said:

The object of this bill is to control materials and services essential for the purposes of defence and national security. It makes provision for the control of the production, supply, distribution, use, and prices of essential material and services if and when required. At the start of every war there is need of some legislation to give the government power to make quick decisions and take control over production, industry, and, in some cases, labour. The weakness of our democratic system in a time of war is that our processes of making decisions are rather slow. We found in the past that when a democracy is up against a dictatorship, the government or somebody in that democracy must have the authority to make quick decisions, because those decisions affect not only ourselves but all our allies.

At the start of the first world war the government of the day, to meet this need, passed the War Measures Act. That statute,

passed in 1914, is still on the statute books. It gives the government very complete power. Our present government used that act in the last war, and under the authority contained in it they made many regulations to give them the powers they required.

In 1945, following the second world war, parliament passed the Transitional Powers Act, which continued those powers into peacetime. The government thereby retained many of the powers they had, and the act vested them with authority to pass further orders in council.

In view of the possibility of a third war, the government, realizing what disruption is caused by official control of everything, and believing that their purposes would best be served by not disrupting industry any more than is absolutely necessary to provide for national defence and the threat of war, decided to introduce a bill which restricts their power by comparison with the War Measures Act, or even the Transitional Powers Act.

The present bill, as I have said, authorizes the government merely to control the production, supply, distribution and prices of essential material and services. The question was raised in the other place whether the government was taking complete control over production. The answer will be found in the definition of "essential materials", which are designated in the bill as follows:

(b) "essential materials" means such materials and substances as are designated from time to time by the Governor in Council under section three as being—

And this is the important part.

—essential for defence purposes.

A material which is not essential for defence purposes does not rank under this bill as "essential".

The main purpose of this measure is, of course, to enable the government to carry out its commitments under the Atlantic pact, not only for our own supplies but for supplies to our allies. It also enables the government to make preparation for dealing with the Korean situation and for our national defence.

The field in which the powers conferred by this Act may be exercised, or exercised first, is that of iron and steel, in which shortages are even now evident. The first step to be taken when a shortage is apparent is that the industries themselves, will allocate to the more essential services such steel as is available. Already that is being done: some steel has been diverted from the construction of automobiles to purposes of military and naval defence. If a point is reached when this system is inadequate to our needs, the government under this bill will have power to step

in and set a priority for certain orders. If defence buying and the creation of these priorities causes such shortages in the supply available to consumers, and industry begins to take a little more out of buyers in the way of prices, the government is vested with authority to make a "price-freeze" which will hold down prices when the proposed increase is the result of purchasing for defence purposes.

In 1939, at the beginning of the last war, shortages did not immediately appear, because business was poor and there was idle productive capacity subject to immediate expansion. Today the picture is a little different. We have full employment, and production is running practically to capacity.

It is true that with our present greater production capacity we can better take care of a program such as we had in 1939, but at the same time it is going to cause some shortages at some places at some times. Thus they are endeavouring, as far as possible, to increase production in order to take care of the extra needs of defence purposes without disrupting civilian consumer goods. If this purpose can be achieved then there will be no need of putting in a priority system, but for certain periods it may be necessary to take some action.

Our present greater production capacity as compared to 1939 is explained by our increase of export business. At the beginning of the present fiscal year, March 31, our Minister of Trade and Commerce forecast a banner year for 1950, predicted it to be as good or a little better than it was in 1949. We are now only half way through the present fiscal year and we may now anticipate an even greater increase in our exports over what they were in 1949. This rise in business, being greater than was anticipated, has caused a certain rise in prices because there is more employment and more buying power. Apparently our purchasing power has increased more than our production of consumer goods, and thus we have experienced a rise in prices.

This increased business has been aided, I think, by our keeping up with our export trade. Since the war we have been practically on a balanced trade so far as our external trade is concerned. But we have had one very serious problem. Whereas in 1947 we had a \$1 billion deficit on our trade with the United States, we enjoyed an even larger surplus with other countries. Our earnings from the sterling bloc were not wholly convertible, however, so we were in a position where we had credit in the sterling bloc but could not pay for our purchases in the dollar bloc without drawing on our reserves. The answer would seem very simple. You should buy less and

sell more in the U.S. But it is not a simple thing to do this. It is a real task to increase your sales and at the same time cut down your purchases. The same problem that we had with the United States, the sterling bloc had with Canada. So we find that in 1947 we had an export business to the United States of \$1 billion 61 million and an import business from that country of \$1 billion 975 million. This gave us a deficit of just \$914 million. At the same time we had a \$750 million export business with the United Kingdom and a \$190 million import business from that country. This gave the United Kingdom a deficit of \$560 million with us. In the whole sterling bloc that deficit built up to almost \$800 million, and their problem with us was the same as our problem was with the United States. The United Kingdom had to sell more to us and buy less from us. Our government, principally through the Minister of Trade and Commerce, endeavoured to assist the United Kingdom in their problem.

In 1949 we had an export business with the United States of \$1 billion 500 million, which was an increase of about \$500 million over 1947. This represented half our 1947 deficit with the United States. On the other hand, our purchases from the United States remained practically the same. They were \$1 billion 974 million in 1947 as compared to \$1 billion 952 million in 1949, a difference of approximately \$22 million. Thus in two years our deficit with the United States was reduced from \$940 million to \$449 million or, in other words, it was cut practically in half. At the same time we cut the deficit of the sterling bloc from just under \$800 million to a little over \$500 million. This meant that we were reaching a point of closer balance of trade with both our main trading areas. Perhaps I am gazing into a crystal ball, but with half the fiscal year already completed it would appear that our exports to the United States in 1950 will reach approximately \$1 billion 750 million, and our imports \$1 billion 825 million, thus bringing our imbalance down to about \$75 million. Estimates from experts are that the deficit will run anywhere from \$200 million to \$50 million, but I may say that for the month of July our imbalance was only \$1,300,000. So we are running practically on balance right now.

**Hon. Mr. Roebuck:** Does that include gold?

**Hon. Mr. McKeen:** No. The current difference in trade between the two countries is about \$2 million per month, but there are exports of about \$15 million per month in gold, which are not taken into consideration in these figures. Last years net export of non-monetary gold was \$138 million.

**Hon. Mr. Euler:** What is our reserve of American exchange in gold now?

**Hon. Mr. McKeen:** That, I think, is on the official secrets list. The last figure was about \$1,300 million. The amount is sufficient, and that is the reason why the government is relaxing restrictions on imports. As our reserves build up the government removes import controls, and then there is more buying, which in turn brings down the reserve again.

As to our trade with the sterling area, it appears that our total exports in 1950 will amount to \$750 million and total imports to \$600 million, leaving us with a surplus of \$150 million. Of course that means a deficit of \$150 million to the sterling area in its trade with us, and the stage is now being reached where countries of the sterling area are relaxing restrictions on the purchase of supplies from Canada, a policy which will increase our total trade still further.

So from Canada's standpoint the trade picture looks very healthy. I think a great deal of credit is due to the government, and particularly to the Right Honourable C. D. Howe, Minister of Trade and Commerce, for achieving in about three years a balance in Canada's export and import trade with both the dollar area and the sterling area.

Because of the tremendous trade we have built up we can take on a defence program of even \$1 billion without too badly disrupting the business of the country. In March of this year it was estimated that our gross national product would amount to \$16 billion 300 million, but by mid-year the estimate had increased to about \$17 billion. So a defence budget of \$1 billion would not have a very serious effect upon the country.

**Hon. Mr. Crerar:** Is my honourable friend speaking of gross national product or of national income?

**Hon. Mr. McKeen:** Gross national product, which includes wages, salaries and production.

**Hon. Mr. Crerar:** The important figure is net national income, is it not?

**Hon. Mr. McKeen:** No. The figure I have given shows the total turnover.

**Hon. Mr. Lambert:** May I ask the honourable senator if he is able to state what proportion of that increased export business is due to the expenditure of United States funds in Canada on E.C.A. account?

**Hon. Mr. McKeen:** No, I have not that figure, but I know that it has been decreasing year by year. The amount of E.C.A. dollars expended in Canada three years ago was greater than this year.

**Hon. Mr. Lambert:** I understand it is still considerable, around \$300 million or \$400 million a year.

**Hon. Mr. McKeen:** That is possibly so, but our total exports this year will run to about \$3½ billion. In other words, the E.C.A. money is less than 10 per cent of our total exports.

**Hon. Mr. Lambert:** The figure I am referring to is only the amount of money expended in Canada for exports to Britain and other European countries on E.C.A. account.

**Hon. Mr. McKeen:** Our total exports to the sterling area this year are down to \$750 million. There has been a big drop here. In 1949 the trade amounted to \$1,700 million, and in 1941 to \$1 billion. It can be seen that despite our loss of E.C.A. dollars our total export trade has been good. That is one of the reasons why I think we can carry out this program without very much disruption of industry in Canada. The government has seen fit to ask for controls only as and when they are required.

I may point out that our expenditures for new investment purposes this year is about \$3 billion 700 million, which is an increase of 8 per cent over 1949.

**Hon. Mr. Euler:** May I ask a question, which perhaps is not appropriate at this time? Of the hundreds of millions of dollars which Canada loaned to Great Britain and certain European countries, how much is still available for the purchase of goods in Canada?

**Hon. Mr. McKeen:** I do not have the current figures, but when I checked a year ago I learned that the amount to the credit of the United Kingdom was then about \$100 million. It is probably now down to less than \$50 million.

**Hon. Mr. Euler:** Have the other countries, such as France for instance exhausted their credits?

**Hon. Mr. McKeen:** Other countries had, as I remember, a small balance. I think some left a little money just to keep the account open. My memory is that France had pretty well exhausted her credit. If my honourable friend wishes accurate figures, I shall be glad to get them for him.

**Hon. Mr. Hayden:** Would my friend permit a question? Does the \$750 million for export trade apply to the United Kingdom or to the sterling area?

**Hon. Mr. McKeen:** To the sterling area.

**Hon. Mr. Hayden:** Have you the total figures of exports to the entire sterling area?

**Hon. Mr. McKeen:** As I say, the \$750 million is export to the sterling area. The United Kingdom's portion is \$550 million.

**Hon. Mr. Hayden:** Are you in a position to say how much of the export to the sterling area is made up of E.C.A.?

**Hon. Mr. McKeen:** I have not a break-down of the figures in that way, but if my honourable friend is correct in this figure of \$300 million, only approximately one-third would go to the sterling area. Our exports for this year for all sterling areas will be \$750 million, of which the United Kingdom will get \$550 million.

**Hon. Mr. Hayden:** Do you not think it is a little difficult to say, when we are extending our trade to sterling areas with exports made up for the most part of E.C.A. purposes?

**Hon. Mr. McKeen:** Our exports to the United Kingdom have come down a little. In 1947 our exports amounted to \$751 million. That is when they were buying a good deal by E.C.A. On the other hand, during that same period our purchases from the United Kingdom amounted to only \$189 million. Our increase of purchases from \$189 million to \$250 million is providing the United Kingdom with extra dollars with which to purchase the goods they need. The position of that country has been the same as our own with respect to the United States. If the U.K. did not have dollars she could not buy from us, and as our purchases only amounted to \$189 million from her, she could buy from us only to that extent. To go beyond that amount she would have to use some other form of credit, such as gold, or give some other services. We have now given them an extra \$150 million of purchasing power in Canada.

**Hon. Mr. Nicol:** May I ask the honourable gentleman where he gets his figures on the national production?

**Hon. Mr. McKeen:** They are from the Department of Trade and Commerce, and I secured them from the Dominion Bureau of Statistics. In this connection I would strongly recommend that every honourable senator secure from the bureau a copy of the pamphlet entitled *Canada at the Halfway Mark*, which sets forth all the recent statistics, and is well worth reading.

**Hon. Mr. Euler:** But the Bureau of Statistics is a branch of the Department of Trade and Commerce.

**Hon. Mr. McKeen:** Very well; I hope no one suggests that the figures are coloured by the department.

**Hon. Mr. Euler:** No, no. May I ask my friend if in the total exports he includes the sale of wheat?

**Hon. Mr. Haig:** Of course.

**Hon. Mr. McKeen:** That is included as an export.

**Hon. Mr. Euler:** But not gold?

**Hon. Mr. McKeen:** Gold is excluded from these figures.

**Hon. Mr. Euler:** Why?

**Hon. Mr. McKeen:** I do not know.

**Hon. Mr. Euler:** It takes labour to produce gold, and it is one of Canada's products. I see no reason why it should not be included in the total exports, the same as any other commodity.

**Hon. Mr. McKeen:** The authorities may have an explanation for not including it, but I do not know what the answer is.

I gave some figures of expenditures for new investment in Canada this year, totalling \$3.7 billion. It should be pointed out that of that amount only \$2.5 billion is for new construction, about \$750 million being spent for repairs and maintenance. The interesting part of this program is that 70 per cent of it is financed by private citizens out of their own savings. The government is not increasing the volume of construction; in fact, there is a great backlog of government work to be done.

In the discussion of controls yesterday it was pointed out that when they were removed prices rose very substantially, and that one of the reasons for this was the pent-up buying-power at the end of the war. The government has benefited by its experience during the period of rising prices, and is now trying to allow a free flow of goods and services, so as to prevent any reaction following the removal of such restrictions as may be in force.

By this bill the government is asking only for power to restrict essential materials and services, including, particularly, electrical energy. This will permit the steady production of war materials without interfering with civilian production, except in so far as certain materials will be used for defence purposes. It is felt that the bill will allow civilian production to be carried on in a relatively normal fashion.

**Hon. Mr. Euler:** When do the powers terminate?

**Hon. Mr. McKeen:** I am not sure.

**Hon. Mr. Crerar:** On July 31, 1950.

**Hon. Mr. Haig:** The same as in the bill passed yesterday.

**Hon. Mr. McKeen:** This bill, as I have said, seeks much less power than the government asked at the outbreak of the last war, and is considerably less than the powers asked for by our neighbour to the south in its defence program. I would point out that the defence program in the United States has considerable effect on industrial life in Canada, because that country purchases from us, as we purchase from it.

The government is confident that in so far as essential materials for construction purposes are concerned, there should be no stoppage of the flow of these supplies. I should perhaps point out that if a plant in Canada requires machinery or equipment from the United States within a period of fifteen months to two years, it may well find itself faced with priority controls in that country. Our government cannot interfere with the policy of the United States. If, on the other hand, if an order for the machinery and equipment were placed in Canada, I think it most unlikely that deliveries would be interfered with.

The honourable leader of the house pointed out yesterday that we in Canada were paying a price for goods equivalent to the United States dollar for exports out of Canada. I think that is generally so. For instance, on the Pacific coast we pay no higher price for lumber than do our American friends. The situation in eastern Canada may be different, but the price level in the United States is bound to affect that in Canada.

In the administration of this Act the government will have to see to it that Canada's production is maintained. When a similar Act was passed in 1939, no one knew who was going to administer it or how it was going to be administered. Today the powers are being asked for by a department, headed by a minister who had a broad experience during the Second World War. We know what action was taken. We know that his powers were not abused, but were used for the benefit of Canada, and that production was tremendously increased. Except in times of stress, we in the democracies do not like to pass measures to delegate our authority to the government. But if the government wanted to declare that war is apprehended they could use the War Measures Act right now. They prefer to have the country's business carried on in the usual way, and to superimpose with as little disturbance as possible the war production program. That is their reason for asking that this bill be passed. I hope the house will see fit to pass it.

**Hon. Mr. Roebuck:** Has the honourable gentleman given any consideration to the constitutionality of the measure?

**Hon. Mr. McKeen:** Not being a lawyer I am a little at a disadvantage on that question. I am afraid I shall have to leave it to the Department of Justice or to any lawyers in the Senate who would like to argue it. I am not the proper person to do so.

**Hon. John T. Haig:** I shall not talk very long about this bill. We have previously discussed much the same issue. This bill does not go as far as the War Measures Act.

**Hon. Mr. Roebuck:** The War Measures Act is not in effect, though not repealed.

**Hon. Mr. Haig:** I know that, but it can be brought into effect; and the object of this bill is to avoid making the declaration which would be necessary to bring the War Measures Act into operation.

**Hon. Mr. Hayden:** That is right.

**Hon. Mr. Haig:** The effect of the War Measures Act would be to put us on a war basis at once. I am not persuaded that the government want to do that. I believe they do not want to do it.

Other problems are looming large on the horizon of the world. To realize their gravity one need only read the morning papers. A man of the standing of Louis Johnson, Secretary of Defence, is thrown out of the United States Cabinet and another man is put in, really as War Minister. One only has to read the speeches in another parliament across the water to know what is on the minds of the ministers and members there.

The house permitted the honourable senator from Vancouver (Hon. Mr. McKeen), the mover of the bill, to discuss matters of trade, so I may be allowed to say a few words on the same subject. For the last three or four years our trade with nations of the sterling area has been supported almost entirely with the money which we lent to them or with advances made by the United States under what the public at large, including myself, knows as the Marshall plan; I do not use letters to designate it, because I am never sure of the combination. At present Canada faces a new difficulty in connection with overseas trade. Two weeks ago my honourable friend from Rosetown (Hon. Mr. Aseltine) informed me of what had happened to the Western Canadian crop. Yesterday the Minister of Trade and Commerce confirmed the accuracy of what the senator from Rosetown had told me a fortnight ago, that the damage to our western crops through frost amounted to 50 per cent. Anybody who understands the grain trade knows that the present spreads between grades indicate a realization by the government that grades four, five, six and

below will be unsaleable on world markets for making into flour. It has been the practice of European and other countries to buy a certain amount of our hard wheat to mix with their soft wheats in order to produce a grade of flour acceptable to their people. If much of our wheat grades below No. 3, and therefore is too low to use for mixing purposes, there will be great difficulty in selling it.

However, I do not think trade has anything to do with this problem. The honourable senator from Toronto (Hon. Mr. Hayden) put a question which I would have asked had I thought of it quickly enough. Regarding the trade of approximately \$750 million which Canada has with the sterling area, he pointed out that about half of it was financed with United States dollars, part of it resulted from business which we Canadians are desperately trying to build up with the sterling area, and some of it from purchases, not so much in Great Britain as in Australasia, East Asia and Malaya, for the purpose of stockpiling in the United States and to some extent in Canada.

As I say, it is not going to do us much good to combine a consideration of this bill with a discussion of the general trade situation, yet I shall take this opportunity to point out that one grave mistake we have committed is that we have so tied ourselves up with the Bank of International Settlements that we are unable to sell our gold on the world market. Why should we not be permitted to dispose of it at the best price we can get for it? It has been suggested to me that in that event the price per ounce would rise to nearer \$50 per ounce than the \$38.50 which is the present ruling price. I cannot understand why we should be bound up with some international organization which prohibits us from selling gold. After South Africa—and perhaps Russia, although neither I nor anybody else knows with any certainty what is the Russian output—we are the world's leading gold-producing country. But these considerations have nothing to do with the bill, and if the honourable gentleman from Toronto had objected I would have had to admit that I was as much out of order as was the honourable senator from Vancouver (Hon. Mr. McKeen) when, in introducing the bill, he talked about trade conditions.

The purpose of this measure is simply to give the government power to control certain essentials which might enter into war production. In that respect it has my approval. I repeat that we are today in exactly the same position as we were in from 1939 to 1945. By no stretch of the imagination can it be supposed that any man or woman in this house would vote or act to limit in any

possible way Canada's maximum preparedness against the eventuality of war. In a very able speech the honourable senator from Churchill (Hon. Mr. Crerar) pointed out that neither in 1914 nor in 1939 were we challenged to the same extent as we are today. I agree with him, because I do not believe that, had Germany been successful in the 1914-1918 war, she would have gone as far as Stalin will go if Russia proves successful in the coming war. Nor do I believe that the Germany of 1949, had Hitler succeeded, would have demanded as much as Stalin will demand if he wins the next struggle. I say that this is the greatest crisis we have ever faced; and I am sure I speak for every member on this side of the house when I say that we would vote for the bill even though it did no more than help in a slight degree the people of Canada to prepare for the coming struggle.

A point which has troubled me, and one which I thank the honourable senator from Vancouver for having mentioned, is that we as Canadians do not like to give any government or any individual unlimited powers. We think it is our province to meet and decide the nature and extent of the authority which should be vested in them. After seeing what the parliament of Canada has accomplished this session, I am not afraid of its ability to act swiftly. I do not think that when we came here on August 29 any of us believed that by the next day parliament would have taken the necessary action to end the most drastic strike Canada has ever experienced. I do not think any parliament could act much faster than that.

**Some Hon. Senators:** Hear, hear.

**Hon. Mr. Haig:** In my opinion the creditable performance of Canada's parliament in dealing with the railway strike was the best illustration of democracy in action this country has ever given. I doubt that even the Mother of Parliaments or the administration in the United States has ever moved more swiftly. But while the railway strike was of extreme importance to the economic life of this country, it could not be placed in the same category as a state of war emergency. In 1939, when the world faced the greatest struggle in its history, I think parliament took only nine days to declare war against the enemy.

I do not like legislation which places tremendous powers in the hands of any individual or government. It is proper to give the necessary power to a government to administer the affairs of the country, but this bill would confer upon one man or one group of men certain dictatorial powers over

a large part of the economic life of the country. I am not sure that this should be done unless an actual state of war has been declared. In fact, I do not think it should be done at all.

**Hon. Mr. Euler:** It would seem that my honourable friend opposite (Hon. Mr. Haig) has already adopted the attitude that war is an absolute certainty. I think it is very wrong for him to say so, even if he believes it to be true.

**Hon. Mr. Haig:** I would put the War Measures Act into effect so that we would know exactly where we stand.

**Hon. Mr. Euler:** You are quite sure of war then.

**Hon. Mr. Haig:** I would put the War Measures Act into effect. I know my honourable colleague from Rosetown (Hon. Mr. Asetline) and other honourable gentlemen do not agree with me when I say I am sure there will be war, but I want to say to the honourable member from Waterloo (Hon. Mr. Euler) that I do not believe we can get Canadians going hard enough unless they realize the struggle we are facing. And we are facing it just as sure as the sun will rise tomorrow.

**Hon. Mr. Euler:** I do not think that statement does any good.

**Hon. Mr. Haig:** We did not think Korea would be attacked but it was, and just as soon as Russia is ready to move against Yugoslavia it will do so. The only thing that is holding the Reds back is the gigantic industrial power of the United States and that country's determination to carry on the struggle. The Russians also believe that the Americans would undoubtedly use the atomic bomb against her.

**Hon. Mr. Euler:** Does my honourable friend believe that there is such a thing as talking oneself into a war?

**Hon. Mr. Haig:** No, there is not the slightest danger of that. Nobody in Canada wants a war.

**Hon. Mr. Euler:** I should think not.

**Hon. Mr. Haig:** My honourable friend cannot accuse me of wanting war. In 1939 I was one of those who voted for war, but I will tell my honourable friend quite candidly that by so doing I sent seven relatives, including my own son, to war.

**Hon. Mr. Euler:** Others did the same.

**Hon. Mr. Haig:** I knew what I was doing then, and I thank God that my son came home safely. His record was at least a fair one. Men do not get the D.F.C. for just

walking around a block. I am not going to be charged with saying that I want war, but I do not want to see our people caught like they were in 1939 when the Nazis went marching across Europe. The Russians could do the same thing now. Would you call Churchill a warmonger for saying that it will take at least 70 divisions to hold back the reds in Europe? Churchill was the one man who before 1939 warned his nation to get ready. The people did not listen to him, but within a year and a half he was made Prime Minister of his country. It took Pearl Harbour to wake up the Americans in 1941. And to think that they were actually negotiating with the Japanese when that country attacked them at pearl Harbour! That is the sort of thing that upsets me. We Anglo-Saxons have no liking for war. We just hate it. Those who have been soldiers—I have not been—or whose sons served in battle know that you cannot forget the war for even one single night. I detest war just as much as any person, but I do believe that the last two wars have taught me that the only way to meet aggression is to be absolutely ready for it. Until South Korea was attacked, I do not think the people of Canada or the United States believed another war could possibly come. We have to alert our people to what they face.

Had it not been for the remarks of the honourable gentleman from Waterloo (Hon. Mr. Euler) I would not have spoken so long.

**Hon. Mr. Euler:** I apologize for that.

**Hon. Mr. Haig:** I do not like this legislation, and while I intend to vote for it with my eyes wide open I still believe it would be better not to have it at all or to have the whole situation covered, because I do not believe Canadians have really been awakened to the terrible threat to their freedom.

**Hon. W. D. Euler:** Honourable senators, I do not propose to speak at any length. I merely rise because the honourable leader opposite (Hon. Mr. Haig) has inferentially accused me of ascribing to him a liking for war. That was far beyond what I said or intimated in any way. I believe he dislikes war as much as I or anybody else. My criticism is that he chooses to tell the people of Canada in so many words that war is absolutely certain to come. I think that is a most injudicious observation to be made by any member of parliament.

**Hon. T. A. Crerar:** Honourable senators, it seems to me that the discussion which has taken place has wandered far beyond the boundaries of this legislation.

**Hon. Mr. Haig:** I admit that.

**Hon. Mr. Crerar:** This legislation does not deal with trade statistics or what we should do about our gold exports. It is a measure to give extraordinary powers to the Governor in Council, and in particular to the Minister of Trade and Commerce, because of the situation in which we find ourselves in this troubled world. Let me make myself clear at once. I am in full support of this bill. I think it is necessary that the government should have powers to do rather extraordinary things at this time; but we should not be blind to the fact that they are extraordinary powers.

I have the impression that the junior senator from Vancouver (Hon. Mr. McKeen) regarded the bill as simply one which would confer certain limited powers upon the government and the minister and would work no great harm.

I do not believe that at this stage the government could have invoked the War Measures Act. The purposes for which that Act can be used are, if my memory serves me aright, set out clearly in the statute. We are not yet at war—at least, there has been no declaration of war by the Parliament of Canada. The action being taken in Korea by the United Nations is police action, and I understand that the desire is to keep it upon that basis. We are not threatened with invasion and we have no insurrection in this country, so in my opinion it is doubtful whether the War Measures Act could be invoked.

**Hon. Mr. McKeen:** Can it not be said that war is apprehended?

**Hon. Mr. Crerar:** No, I should say we are not in a period of apprehended war.

**Hon. Mr. Hayden:** If you said war was apprehended you would have to say with whom, I should think.

**Hon. Mr. Crerar:** Let us look at this bill for a moment and see what we are doing; and let me repeat that we have to do it. It may be, though, that the measure goes too far, that it could have been framed in a more desirable way. Let us not be blind to the fact that this bill gives extraordinary powers to the government and to the minister.

The preamble, which sets out the basis for the legislation, is essentially part of the bill. Then section 2, the interpretation section, is very important. Paragraphs (b) and (c) of that section define "essential materials" and "essential service". When you read paragraph (b) in conjunction with section 3 you get an idea of how broad the definition of "essential materials" is, and I ask myself what commodities could be excluded from it. Clearly, iron and steel are essential for

defence, as are copper, zinc, lead and aluminum. Are not wool, leather and cotton also essential for defence, in that they are required for the making of uniforms for the forces? And what about lumber? My point is—perhaps some of my legal friends here will correct me if I am wrong—that there is scarcely a material entering into the needs and services of our civilian population which could not be brought under the definition of "essential materials" for defence.

**Hon. Mr. King:** Certainly.

**Hon. Mr. Crerar:** If I am right in that opinion, then section 4 of the bill gives the Governor in Council and the minister very wide powers of control over the production, allocations and prices of all commodities declared by the Governor in Council to be "essential materials", and over the keeping of records with respect to them. That, it seems to me, is not an overstatement of the case. If it is, I should like some of my legal colleagues to set me right.

A question has arisen as to how this legislation will be administered. My honourable friend from Vancouver (Hon. Mr. McKeen) seemed to argue that the Minister of Trade and Commerce, who will be responsible for administering the law, did a wonderful job in handling similar legislation before and can be trusted to do so again. In esteem and admiration for the Minister of Trade and Commerce I take no back seat to anyone. During the strenuous days of the last war we were cabinet colleagues, and no one knows better than I the services he rendered to the Canadian people in the great adventure in which Canada was then engaged. But that is not the point. Parliament does not pass legislation—or at least it should not—because a certain individual will administer it. If anything should happen to the Minister of Trade and Commerce—

**Hon. Mr. McKeen:** The government has lots of other good men.

**Hon. Mr. Crerar:** I think we must keep it clearly in our minds that so long as the law is in force the powers mentioned in this bill will be exercised by whatever person happens to be Minister of Trade and Commerce.

**Hon. Mr. MacLennan:** Do we believe that any government would capriciously declare to be essential a commodity which in fact was not essential?

**Hon. Mr. Crerar:** No, but I would remind my honourable friend that the decision as to what are essential materials and services will be made by the government and the minister, and from their decision there is no appeal except to parliament. I was simply referring

to the point made by the senator from Vancouver (Hon. Mr. McKeen) that one reason why we should feel perfectly comfortable about this bill is that it will be administered by the present Minister of Trade and Commerce. Now I share the view that the present minister to whom we are giving these powers has a strong sense of balance in administration, and that he will unquestionably do what he in his judgment considers is the best thing to be done. But I repeat that that is not a basis upon which any law should be passed by parliament.

**Hon. Mr. Hayden:** Is my honourable friend suggesting that this measure is being considered on the basis that a certain minister will administer it?

**Hon. Mr. Crerar:** No, I did not say that.

**Hon. Mr. Hayden:** That is what I gathered my honourable friend was suggesting.

**Hon. Mr. Crerar:** I was dealing with a point made by the senator who moved second reading of the bill (Hon. Mr. McKeen), and was simply pointing out that that point does not furnish a basis upon which we should decide to support the bill.

**Hon. Mr. Hayden:** I agree with you as to that.

**Hon. Mr. McKeen:** I hope the house did not think I was urging that this bill be passed because it would be administered by a certain man. The powers mentioned in the bill are conferred upon the government as a whole, but I repeat that it is fortunate that the man who for the time being would be administering the law has been tried and found true in the administration of other laws in exactly the same field.

**Hon. Mr. Crerar:** That may be all very well.

**Hon. Mr. McKeen:** The power is being sought by the government, not by one man.

**Hon. Mr. Crerar:** My honourable friend was not on very sound ground when he advanced that as an argument for commending the bill to the favourable consideration of the house.

Honorable senators will have noted that the power given in this bill, unless extended by an address to His Excellency from both houses of parliament, will expire on July 31, 1952. That means that if a request is made for an extension, we will at that time have an opportunity to again consider this legislation. It is well that the government has seen fit to put that provision in the bill.

**Hon. Mr. King:** There is also the protection that parliament will meet again in 1951, and of course its action will be supreme.

**Hon. Mr. Crerar:** Does my honourable friend from Kootenay East, for whom I have very great respect, suggest that parliament might see fit to change this legislation in 1951?

**Hon. Mr. King:** If the minister or the government fails to administer it properly, parliament would then have the initiative to change it.

**Hon. Mr. Crerar:** That is quite true; the power to do so is contained in the bill.

**Hon. Mr. King:** I know what the bill contains, but the power can be changed by parliament.

**Hon. Mr. Crerar:** Now, let us not get at cross-purposes.

**Hon. Mr. Lambert:** It is a safeguard.

**Hon. Mr. Crerar:** Power is given in the bill to terminate the measure at an earlier date.

**Hon. Mr. King:** Yes.

**Hon. Mr. Crerar:** I have just said that the measure will be reviewed by parliament not later than July 31, 1952.

**Hon. Mr. King:** If there is maladministration of the Act, parliament will review it.

**Hon. Mr. Crerar:** Of course, parliament can at any time criticize maladministration, but that is not the point I am making. I say that the powers given by this bill must come under review by parliament not later than July 31, 1952, at the latest, and that is a sound provision.

**Hon. Mr. Lambert:** May I interrupt for one moment to make clear a point mentioned by the honourable senator from East Kootenay (Hon. Mr. King)? This session has demonstrated the fact that public opinion in Canada is reflected in the action of parliament to such an extent that the paralysing railway strike was quickly settled. That strike was not settled by the government, but by parliament. Therefore, if public opinion is dissatisfied with the legislation now being considered, that feeling will be made known to parliament, and necessary changes will be made.

**Some Hon. Senators:** Hear, hear.

**Hon. Mr. Crerar:** That is quite true.

**Hon. Mr. Lambert:** The point should be made quite clear.

**Hon. Mr. Crerar:** I venture to suggest that legislation would not likely be changed except as a reflection of public opinion. In any event, I appear to be getting into unnecessary controversies.

**Hon. Mr. Euler:** Are you not always looking for trouble?

**Hon. Mr. Crerar:** I am merely trying to make clear what the effect of the bill will be, so that we will know what we are voting for.

No one in Canada has greater faith in the supremacy of parliament than I have, but if the events of today are contrasted with those of fifty years ago, I do not think any student of affairs would deny that the executive power has been greatly increased. That is true in many countries, including Great Britain, where there has recently been criticism of it. Any increase in the power of the executive as against the power of parliament is not a healthy development. While parliament has the right to vote a government out of power, and to make any changes it may desire, there is sometimes a reluctance on the part of the majority to do so.

Honourable senators, that is my humble contribution to the debate on the bill before the house.

**Some Hon. Senators:** Question.

The motion was agreed to, and the bill was read the second time.

#### THIRD READING

**The Hon. the Speaker:** Honourable senators, when shall the bill be read the third time?

**Hon. Mr. Robertson:** With leave of the Senate, now.

The motion was agreed to, and the bill was read the third time, and passed.

#### SPEECH FROM THE THRONE

##### ADDRESS IN REPLY

The Senate resumed from Friday, September 8, consideration of His Excellency the Governor General's speech at the opening of the session and the motion of Hon. Mr. Dupuis for an Address in reply thereto.

**Hon. R. B. Horner:** Honourable senators, there is nothing unusual in my rising to take part in the debate on the Address in reply to the Speech from the Throne. It is the one opportunity I have of speaking without fear of being called to order by the honourable senator from Leeds (Hon. Mr. Hardy), for I can talk about anything from the frost in Saskatchewan to the heat in Timbuktu.

**Hon. Mr. Hardy:** I have just come in.

**Hon. Mr. McKeen:** To get a lesson?

**Hon. Mr. Horner:** I first wish to compliment the mover (Hon. Mr. Dupuis) and the seconder (Hon. Mr. Barbour) of the Address

in reply on the excellent job they did. I was amused at the gentle chiding which the honourable senator from Prince gave me for raising my voice. He referred to the inspiration which he got from the quiet manner in which the House of Commons discussed the railway strike and came to a settlement. Well, I deplore the quiet manner that pleased him. The honourable senator made reference in his speech to the charity of which the Bible speaks. I would remind him that the Good Book also refers to an occasion when loud voices were heard and when the Master, upon being asked to rebuke his disciples, replied that if these should hold their peace the very stones would cry out. I have no doubt that when the money changers were driven from the temple loud voices were heard also.

Honourable senators, I think there has been altogether too much criticism of my leader. It is not often that I feel that I should come to his defence.

**Some Hon. Senators:** Hear, hear.

**Hon. Mr. Horner:** I can think of no other house of parliament with a two-party system, which has a more helpful leader of the opposition than we have. If I were to criticize him at all it would be because he is too generous with his help and advice.

My leader in speaking of the cost of living said that I had opposed controls. Well, I do not like to say to my honourable friends, "I told you so"; but I opposed controls away back in 1940, when I predicted that what has happened would happen. At that time creamery butter was controlled at a price of 32 cents a pound to the consumer while cream was being subsidized to bring the producer's price up to 42 cents per pound of butterfat. What happened? The butter producer became discouraged by reason of the high cost of labour and other things, and got rid of his herd.

For two years now I have opposed certain controls and prohibitions, notwithstanding the fact that we desperately needed American dollars. To prevent a rise in the cost of living, and mainly for the benefit of the eastern provinces, for two solid years the western rancher was prohibited from selling his cattle abroad. I have complained before of this prohibition. There followed a packers' strike in Western Canada. It continued for a month during the normal season for the marketing of cattle. At this time cattle of a quality which was bringing 30 to 35 cents per pound just across the border were selling at 10 or 11 cents a pound in Western Canada. Some of the ranchers decided to withhold their cattle and attempt to winter them, because

they believed there would be a considerable shortage the following season. But an exceptionally hard winter intervened, and some ranchers lost two or three hundred head. I know of a woman, who lived not far from a ranch in which I am interested, who committed suicide because she could not bear to stand by and see the cattle die. As you go through that country, you see truckloads of the bones of these animals piled up on the prairie and in the barnyards. Today we are deprived of these cattle as the result of a policy which was adopted for purely political reasons. The West has not the voting strength of the East. Eastern Canada is allowed to ship cattle, which are not even good dairy cattle, to the extent of hundreds of thousands a year.

I want to point to another injustice in the control of the cost of living. I invite anyone who is interested to go to the market and see what happens to a carload of cattle. The top price is paid for perhaps three or four animals, and for the rest the price is away down. A lot of splendid beef has been sold on the market at 20 cents a pound. Any average beef animal will dress 50 per cent; the better stock will run as high as 58 per cent; sometimes really good animals go up to 60 per cent. These figures refer to an animal that is trimmed; its legs are off at the knee; the head also is off, although the choicest meat is on the cheeks; and the tongue, heart and liver sell for a high price. My contention is that the cost to the consumer is out of proportion to the price paid to the producer; some parties "in between" are making more than they ever did.

Much the same thing happened when the government set itself to reduce the price of eggs. As a result, thousands of people went out of the chicken business. Now we are facing a shortage of chickens and eggs. Yet consider what the average labouring man has to pay when he goes to a restaurant for a meal. One of the honourable senators from Nova Scotia was with me recently at the Toronto Exhibition, and we had a meal at a restaurant run by Canada Catering Company. Roast beef was two dollars and a half a plate; yet if that grade of beef was sold at \$5 a pound the caterers could make a profit from the size of serving they gave. The same statement applies to bacon.

I have another job for the Minister of Agriculture. Recently he persuaded a large line of restaurants to stock apple juice. I suggest that it would be a good idea to have a law to provide that any restaurant which serves pullet eggs should be required to put up an announcement "Pullet eggs are served

here". They are only half the weight of Grade A eggs, and are 15 cents a dozen cheaper.

**Hon. Mr. Euler:** Why not sell them by weight?

**Hon. Mr. Horner:** Yes. That would be a fair way of doing it. I asked that my eggs be served in their shells, so that they would not get lost in the egg-cup. I was charged 50 cents for two eggs and some toast. At the present price of eggs there is no justification for that sort of thing.

Any further interference, or even talk of interference, on these lines will only result in a further lowering of production. A farmer must have a certain level of prices. And while talking of the position of the farmers, I propose to speak briefly on the subject of wheat. I know something about it. I am not at all astonished that farmers throughout western Canada are shocked at the present condition of affairs. I have farmed long enough in the west to know that when a small quantity of wheat is damaged by frost it can be graded higher because it can be mixed with better grades. Elevators, in their anxiety to get rid of the lower grade wheat, are deliberately grading it down to perhaps No. 4 or No. 5, although I have seen samples graded No. 3 that are no better than other wheat which is graded No. 5. This is a serious matter for the farmer.

In this connection let me say that I am, and have been for years, awfully tired of the smart alecks who go around the country estimating the crop and talking about the probable carry-over. Why they should busy themselves with other people's affairs is more than I can understand. In other lines of business people are permitted to keep secret the supplies they have on hand: then why should the farmers' production be publicized all over the world? Today we find ourselves with a crop whose value is reduced by about \$200 million. In the national interest it would be a good thing to aim at a carry-over of 200 million bushels. Who will get the benefit this year of the extra dollar a bushel which our wheat is worth when the better quantities are mixed with grades 4 and 5 and the whole is raised to a milling grade? Will the companies reap the benefit or will it go to the producer of the grain? If our carry-over equalled 200 million bushels, most of our wheat could be brought up to milling standards. I notice an item in a Saskatoon paper stating that some farmers are dumping their wheat on the ground in preference to selling it at present prices. My advice to the farmers is, by all means to keep their wheat.

Here is another thing which honourable senators unaccustomed to the growing and handling of wheat may not know. If wheat is stored properly its colour and grain is improved, and it should not be milled for at least one year anyway. We used to think the only method of improving grain was to stack it, but we have since found that it is cheaper to improve it by properly storing it in a granary. The farmers of western Canada would certainly be well advised to store their wheat in granaries whenever possible. I would just like to ask what would be the result if we had no carry-over of wheat and the entire crop in western Canada were frozen. I think we should have a carry-over of at least two million bushels of wheat in case of any emergency.

I want to discuss wheat prices. In all my experience there has been a spread of about 6 cents between grades 1 and 3. Sometimes the spread between grades has only been 2½ cents, but this year it is 10 cents. So it is evident that somebody intends to make use of grades 2 and 3.

**Hon. Mr. Aseltine:** There is a difference of 10 cents between grade 3 and grade 4.

**Hon. Mr. Horner:** Yes. In other words, there is a jump of 18 cents between grade 1 and grade 4, and that is what the farmers are protesting against.

I have heard the same complaint right along about the production of hogs. Less than one-third of our bacon comes from grade A hogs. Despite the fact we are short of food these days, there is a \$5 difference in the selling price of a hog if it weighs one pound over a certain weight. I do not know of anything more ridiculous than this system, which was introduced years ago to encourage the farmers of Canada to raise hogs which produce the type of bacon required in England. That necessity has long since passed, and we have since discovered that the fault was not so much with the hogs, but that our packers did not know how to cure the bacon to suit the British people. I think this grading system should be abolished entirely.

**Hon. Mr. Aseltine:** Do you mean to tell me that if a hog weighs, say, 181 pounds instead of 180 pounds you get \$5 less per hog?

**Hon. Mr. Horner:** The limit is 185 pounds and if the hog weighs 186 pounds it is considered to be too heavy.

**Hon. Mr. Aseltine:** That is what you are protesting against?

**Hon. Mr. Horner:** Yes, and it is the same thing when the hog is too light. A farmer is

docked again if his hog weighs less than 135 pounds.

**Hon. Mr. Barbour:** Is not the maximum weight 175 pounds?

**Hon. Mr. Horner:** Perhaps. I know it has been varied to some extent. I have heard fellows say that they have run their pigs around for a couple of hours to take a few pounds off them.

**Hon. Mr. McKeen:** Does that work?

**Hon. Mr. Horner:** Yes, it works. So much for the high cost of living in Canada.

I agree with the honourable senator from Vancouver South (Hon. Mr. Farris) that the railway strike was unjustified, but I think that if anyone has the right to speak about it in this house it is an honourable senator from Saskatchewan. I agree entirely with what the honourable senator from Regina (Hon. Mr. Wood) had to say about the strike. The sorry part of it is that the railroad men themselves are the ones who are going to lose. Perhaps I will be pardoned if I say something about railway labour and management, because every summer from 1910 to 1918 I used to ship horses west by rail. In those days all the money I had or could borrow I invested in horses, so I stayed very close to them when they were being shipped. I could tell some rather interesting stories about life on the railroads in the early days. For instance, I remember on one occasion travelling along north of Lake Superior on a CPR freight train. This was at a time when the railways were starting to use bigger engines in an attempt to haul longer freight trains. On this particular run the train crew decided to show railway management that they were not going to haul so much freight, and they deliberately broke a coupling while the train was on a grade. They notified the railway officials that they were leaving half the train on a siding, and then they high-tailed it to the next division point with the remaining cars. Fortunately for me my horses had been placed in a car close to the engine. I certainly hollered plenty about what happened then, and there were other occasions when I raised my voice in protest. I recall buying twenty-two horses in Moose Jaw. A horse dealer there told me that it would be all right to put the horses in one freight car because they were only going to travel a short distance. The train travelled from Moose Jaw to Regina during the night. Early the next morning I went to the freight office to tell them I wanted to unload the horses because they would die right there if the train did not soon pull out of Regina. The yard master

told me I would be the smartest man on earth if I could unload the horses because there was so little time. I got the horses out and fed them some hay, but the yard master told me to load them in the car immediately because the train was pulling out any minute. Not long after we left Regina the temperature reached 90 degrees, and the horses stood and fought in the heat of that car until 9 o'clock at night. When we got to Saskatoon on Friday night I went to see about getting the horses up to Blaine Lake the next day, but I was told the freight train had just left and no trains were running on Saturday. The railway people there told me that I should have wired them, and I replied "I am not running the railroad. I thought you received notice of what freight you were supposed to carry." I could have sued the railway plenty on that occasion because those horses, which incidentally were all dapple greys, were scalded black on their sides.

I notice that the Premier of Saskatchewan recently wrote an article condemning the callous treatment received by the employees of the CPR. I hold no brief for the CPR, but I think this criticism is entirely uncalled for. For political reasons the premier had to align his province with six others in protesting against increased freight rates, but I am complaining because of what he has done in other ways to hurt the railroads. He has spent huge sums of money on the construction of great highways paralleling Canadian National lines, on the purchase and operation of buses which run on those highways, on the erection of bus depots, and so on. I agree with the senator from New Westminster (Hon. Mr. Reid) that the Senate ought to make a study of the whole railway question. I know that we tried to do that once before, but surely we ought to make another attempt, for the situation is bad and will have to be dealt with in some way before long. There is some freight that should be shipped by rail, and we ought to give serious consideration to the problem of how to make sure that this is done—of how "to render unto Caesar the things that are Caesar's."

I say that during the recent strike labour lost a great deal of public good will, and the carriers are suffering. When I was up in Quebec over the week-end I was told that the railways will never get back some of their former business. One man who before the strike had been making heavy shipments by rail found that he could get satisfactory service from a trucker, and he signed a year's contract with him.

Now, I am going to suggest a way of solving the railway problem. The senator from Prince (Hon. Mr. Barbour) was mistaken in

saying that during the strike every railway wheel in Canada was stopped. The Algoma Central was running right along.

**Hon. Mr. McKeen:** And the Pacific Great Eastern.

**Hon. Mr. Horner:** So at least two lines kept on operating. Honourable senators who have never taken a trip on the Algoma Central have missed a great treat. I speak from experience. Before the train has gone fifty or sixty miles all the passengers are as one family. In the dining car there is no tomfoolery about a lot of linen, but the food is excellent and well served. All the employees seem to take great pleasure in pointing out special scenic features in the mountains and lakes, and spots where trout and other fish may be found. My trip over the line was one of the most delightful I have ever had. The main freight traffic point is Hawker Junction. A branch runs from there to Michipicoten, on Lake Superior, to which point iron, pulp and so on are hauled for transshipment via lake boats. I was surprised to find that from the Soo to within twenty miles of the Canadian Pacific Railway at Franz the Algoma Central runs through hardwood bush, maple and birch, and I was told that in the fall of the year when the trees are changing colour the spectacle in this area is gorgeous. When going through there you can imagine yourself in a miniature British Columbia. At one time you are right on top of a mountain, and before you know it you have run down a canyon to a lovely stream. I inquired who owned the Algoma Central and was informed that the men themselves had bought it, or the greater part of it. So of course they did not go on strike.

I want to mention something that was told to me by one of our colleagues in this chamber. I do not think it would be right to mention his name. The operation of his business requires a great deal of capital, and as he was experiencing much difficulty because of demands for higher wages and shorter work-days, he made a proposal to the workers. He said to them: "If you will pay me enough to cover the depreciation on my machinery and 4 per cent on my investment you can run the plant to suit yourselves and have whatever profits it will make. And I think the profits will be good, for you will do twice as much work then as you are doing now." They admitted that if they owned the plant they would do twice as much work as they did for him, but I do not know whether they accepted his proposal.

Now I come to my suggestion for solving the railway problem. For years we have been struggling with the Canadian National, which has become a kind of third leg of government,

a third party, as it were. So long as this status is maintained the men will make more and more demands and we shall be continually having to pay deficits. These smart men, these agitators and some strikers, argue that the companies can pay higher wages for a shorter work-week and make money without increasing freight rates. My suggestion has to do principally with the Canadian National, but I believe it would be acceptable to the Canadian Pacific if the shareholders could be assured of some small return on their investment. The suggestion is simply that the railways be turned over to the men. If that were done the men would work twice as hard and would not ask for any "feather bedding" on diesel locomotives. The Canadian National has bought seven new diesels, and the unions insist that each of these must have included in its crew a fireman, who would have nothing to do except draw his salary. I imagine that this is one kind of demand which the men would not make if the railway earnings were to be divided among themselves.

I want to mention here the lack of courtesy which seems now to have become typical of employees on Canadian National trains. The experience of a number of senators and of many other people throughout the country in this respect has been the same as mine. The attitude of the employees towards passengers seems to be: "Well, this is your road, and you ought to travel on it regardless of the service you get. You should not patronize any other road at all." This condition does not exist on Canadian Pacific trains. When travelling on one recently I was greatly pleased to observe the friendly spirit between passengers and employees. Trainmen assisted passengers with parcels and luggage to get on and off at stations, and in various other ways did their best to be of service.

In a newspaper the other day I noticed a dispatch from Birmingham, England, which was headed "No genteel substitute for rolled shirt sleeves." Before I read it I may say to the senator from Prince (Hon. Mr. Barbour) that a Prince Edward Islander who helped me on my farm for four years had certainly been taught by someone how to work. The dispatch says:

Two British educationists suggested yesterday British industry could do a better job if it picked its manager off the factory floor instead of for the blueness of their blood.

"Men learn by doing, not by looking. There is no genteel substitute for the dirty face and rolled-up shirt sleeves," the pair said in a joint paper presented to the British Association for the Advancement of Science.

The educationists are D. H. Bramley, head of the industrial administration department of the Birmingham Central Technical College, and A. M. B. Rule, of the Birmingham College of Commerce.

Many British industrial firms choose their managers from the white collar ranks, and manual workers are doomed to rise no higher than foremen. "These methods, that have fairly availed us in the past, will be inadequate in the future," Bramley and Rule said, "if Britain is to maintain her status as a major power and to keep up her customary standard of living."

That may be so.

Honourable senators, as I am unable to finish before 1 o'clock, I move adjournment of the debate.

The motion was agreed to.

At 1 o'clock the Senate took recess.

At 3 pm. the sitting was resumed.

## BREN GUNS AND AMMUNITION

### INQUIRY

**Hon. Mr. Reid** inquired of the government:

1. Have any Bren guns and ammunition been reported missing or stolen from armouries throughout Canada during the past six months? If so—
2. How many such guns and how many rounds of ammunition have been so reported as missing or stolen?
3. What recoveries have so far been made of any Bren guns or ammunition missing or stolen?
4. Are night watchmen or guards maintained at all armouries and ammunition depots? If not, why not?

**Hon. Mr. Robertson:** The answer to the inquiry is as follows:

1. Bren guns, yes; ammunition, no.
2. Bren guns—One reported stolen (less breech block) by the Officer Commanding 15 Infantry Workshop, RCEME, No. 6 Hangar, North Jericho, Vancouver, B.C., on 2 July 50. Ammunition—Nil.

For security reasons breech blocks are removed from all small arms weapons when not in use in accordance with existing instructions (Canadian Army Orders 255-7 dated 24 May 48).

3. Bren guns—Nil; ammunition—non-applicable.

4. Night watchmen are provided at all ammunition depots; armouries are provided with caretakers who are not in all cases on duty during the night. Where the caretaker does not reside on the premises he is responsible to ensure that the building is securely locked before leaving for the night.

## SPEECH FROM THE THRONE

### ADDRESS IN REPLY

**Hon. Mr. Horner** (Continuing): Honourable senators, I did not quite finish my remarks before lunch about the railway question. My honourable leader said that the strike was

settled. I have no apologies to offer for saying that I fear this whole labour question is not settled. I only wish it were. The railway strike gave several honourable senators, including myself, the opportunity to make their first trip to Ottawa by plane. In this connection I should like to refer to the courteousness of the stewardess and others, who made the trip by air a delightful one. The ticket agent was right at the plane when I boarded it in Saskatoon, and he remarked, "Senator, we hope to see you again". He was reminding me that I had been helped out on this occasion, and that I should not forget about air travel in the future.

By way of contrast I recall an incident on the dining car of a Canadian National Railway train, when the steward refused to serve four boys who were clean and well behaved but who were in shirt sleeves. After the boys were ordered out of the car by the steward I remonstrated with him, and pointed out that they were perhaps travelling without coats and that I, for one, would certainly not object to their being served in the dining car. But the steward was very short and nasty with me, and refused to allow them to return. It was not long before young lads from the United States were travelling in considerable numbers over that line to Edmonton and to Dawson Creek. When they came along the steward was lucky if they had a shirt to wear in the dining car; yet nothing was said.

As I may want to travel home by rail, my feeling about railway employees is somewhat the same as Stephen Leacock's attitude toward co-education. When asked which of the two sexes were the smarter, he said, "The Lord help me, I think I know the answer to that". I could tell of many instances of discourteousness at the hands of railway employees, but I do believe that they are the exception rather than the rule. There are many railway people who are doing a faithful job and are most solicitous about the comfort of the travelling public.

Just about the time the bus companies in Saskatoon were building terminals which allowed passengers to step from the curb into the bus, the railways decided, in the interests of safety, to build underground waiting-rooms. The honourable senator from Regina (Hon. Mr. Wood) said that he knew of one death which might be regarded as attributable to the dangerous stairs in a railway station. The death of the late honourable senator from Central Saskatchewan, the late Senator Johnston, which occurred while he was hurrying to catch a train, was no doubt precipitated by reason of his having to use dangerous stairs.

In the stations which have dugouts, as I call them, the train crew go aboard from the ground level; yet one often sees an old lady trudging unassisted up the stairs with a bag in each hand, unable to make use of the hand-rail. At Calgary and Edmonton, for instance, the passengers go in at ground level, but in many railway stations the stairs are very hazardous. The bus terminals take passengers aboard from the curb; further, there is a man ready to take the baggage and place it in the bus, and no tip is expected.

I am anxious to see our railways prosper, for their prosperity is most important to the economy of Canada, and particularly to the province of Saskatchewan. I would emphasize that we in this chamber should have no fear of the political effect of anything we may say. In an attempt to get satisfactory railway service in Canada, I would suggest that we turn the railways over to the men, and let them see if they can make a living out of operating them.

I turn now to the question of surplus horses from the West. Notwithstanding the prospect that horsehide may become very valuable, as suggested by the honourable senator from Churchill (Hon. Mr. Crerar), our horses are still going to the United States.

I have had a good deal of experience in hiring men, and in this respect I have been particularly fortunate. On many occasions I have had difficulty in getting hired help to stop work at a decent hour. Some of those who worked too hard were unreasonable in their association with their fellow workers. In one instance I had to keep a man by himself because he was too hard on the other men. I recently met that chap in British Columbia, and he complained that in the shipyard where he was then employed the unions would not let him do a good day's work.

I should like for a few minutes to direct the attention of the house to the Korean affair and to world conditions generally. The honourable senator from Waterloo (Hon. Mr. Euler) was quite right when he said that no one should say that we are headed for another war. Certainly I hope we are not. When I consider the staggering amounts expended for military purposes, I always wonder what would be the result if we spent only a small part of those amounts on peace. I do not want to offend the government in any way, but I think it has fallen down in the battle of propaganda for peace. The United States is today spending large sums on broadcasting its aims in several languages. I believe Canada could adopt a similar policy to advantage.

As to the activities of communist sympathizers, my suggestion is that rather instead of

criticizing Dr. Endicott and the Red Dean, we should invite them in and ask them to name the persons in this country that they think are interested in making war. Then if they were unable to point to anyone, they should be asked if they would accept a sum of money and go to Russia, where we would pay their expenses in the promotion of the cause of peace.

**Hon. Mr. Beaubien:** But not their return fare.

**Hon. Mr. Horner:** I agree with the statement of the leader of the government that Russia is spending huge sums on armaments to keep her own people satisfied. I have met many Russian people in the community in which I live. I have particularly in mind a doctor who escaped from Russia at the time of the revolution. While in China, I think, he received an offer of a position in a Russian hospital. By some means he got a message through to a doctor friend and asked him if it was safe for him to return. The friend warned him that if he valued his life he should keep moving. That doctor came to Blaine Lake, where he has been for seventeen years. The friend to whom he wrote in Russia went to Latvia, where he prospered for a time, but later lost everything. He too is now in Blaine Lake, and he is preparing to try some examinations so that he may practise medicine in this country. His son came with him. In speaking to a friend of mine who understands Russian, he said that Russia will not be able for ten years to carry on a major war, because the living conditions of the masses of the people are so poor. As the leader of the government has said, the rulers of Russia are carrying on propaganda to make their people believe that every other nation wants to attack them. Up to the present they have never been able to give their own people anything like a decent living. So, while we here are concerned for fear that a few Russians in Canada may not be loyal, I believe that Russia herself is afraid that the great majority of her people would not support the Soviet government if it began a war.

In surveying the world situation generally, my impression is that we are in a deplorable position. There seems to be a lack of world leadership. Recently the world lost one of its finest citizens. I have always admired Field Marshal Jan Christian Smuts, who recently passed away; and it is a matter for regret that his age and ill health prevented him from playing a greater part in the present crisis.

What about our record as Canadians? It has been suggested that we should know our

enemy: yes, but we should know ourselves. "Man, know thyself" was the advice of a great thinker. We should study wherein we have failed or fallen short of what we might have done. What a ridiculous position we are in today. After destroying the finest plants in the world, created and operated by Germans, we are now going to rebuild them. For four years I have pleaded that German prisoners in Canada should be allowed to remain here. Wherever they worked, whether in the beet factories or the lumber camps, they begged the government to allow them to stay. Many of them were among the finest men Canada ever had. I spoke to this effect both in this chamber and in committee, but with no result. Yet the late General Smuts, after bravely fighting the British armies in the field, became one of the leaders of the British Commonwealth of Nations. I say there was no justification for our action regarding the German prisoners. It was dictated by fear—and fear of what? Fear of the labour unions. I believe that this country is likely to be short of millions of workers. Our production and resources make us the wealthiest country per capita in the world, yet, as was pointed out recently in the *Toronto Globe*, we are so afraid of admitting workers from outside that only four hundred men are to be brought in for harvest work. Probably there are millions available in Germany. There is hardly a Canadian home in which a maid is not needed; our people are only too anxious to provide good homes and treat their help fairly, but help is not to be had. Even the shortage of meat to which I have referred is the result of the shortage of labour. Men accustomed to working conditions in the cities will not go on the farms; yet I believe there are a million Germans willing to come here and do what most of our people are unwilling to do.

Let me quote from my own experience, which is no different from that of 90 per cent of Western Canadians. As the honourable senator from Prince Albert (Hon. Mr. Stevenson) knows, it was not the custom of Western Canadian farmers to pay high wages. A man went to a farm to serve an apprenticeship, and if he was fortunate enough to serve with a good farmer he himself became a competent farmer and the man for whom he worked provided him with credit when he started on his own account. After men worked for me for a number of years I told them they could look to me if they needed some assistance; and when they started on their own farms I gave them some credit. Even today I get letters from some who advise me that they need so much money for such a purpose;

and I immediately wire it to them, because they have worked faithfully for me. But the high wage system enforced by the unions has put a stop to that kind of thing, and today we are short of farm help. What a desirable position we would have been in now if four years ago, when I advocated the idea, displaced Germans had been permitted to come here.

Last session I made the statement that we were spending large sums of money on military exercises in the north country when our troops could have been more usefully located in Germany. What sort of protection have we at present?

One thing I am deeply concerned about is Canada's lack of trained diplomats. Since we have adopted, at great expense, the policy of having representatives, both ambassadors and trade commissioners, in almost every country, I think we should begin at once to select young men with the proper background, train them thoroughly, give them a full knowledge of the language of the country to which it is proposed to send them, and appoint those so qualified, instead of political has-beens, as our representatives abroad. To my mind that is an urgent necessity.

It appears now that one of the bulwarks of our democracy is to be Japan. I feel that were I able to speak the language I would be a fitter representative to send there than some of the men who demanded during the recent war that Canadians of Japanese origin be removed from their homes, and that their ships and other belongings to be taken from

them. As a Canadian I am ready to plead guilty to the charge that these people were ill-treated. There is no doubt in my mind that if we hope to escape being overwhelmed by Asiatic peoples we must treat them with absolute fairness. I recommend honourable senators to read the official report of what happened to Japanese property. I was in the West myself, and actually saw some of the belongings which had been taken from their owners and sold at perhaps one-tenth of their value. In addition, Japanese property valued at \$200,000 was "lost, stolen or strayed". One of our colleagues has referred to the loss of a few Bren guns, but let me remind him that here is evidence of the disappearance of a great deal of private property which cannot be traced. Surely, if these people are to be our willing allies, such wrongs should be righted. All I would emphasize is that these Japanese Canadians must be so dealt with as to remove all suspicion of unfairness.

I have not much more to say. We should open our doors to immigration. Let us get rid of the fear of the labour unions that these people are going to deprive anybody of a job. That is one of the fears which has been holding back the development of this country. In my opinion there is no country in the world which could use immigrants to better advantage than Canada.

**Some Hon. Senators:** Hear, hear.

The Address was adopted.

The Senate adjourned until tomorrow at 11 a.m.

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## THE SENATE

Thursday, September 14, 1950

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers and routine proceedings.

## BUSINESS OF THE SENATE

**Hon. Wishart McL. Robertson:** Honourable senators, there is no legislation before us, and I have ascertained that there is not likely to be, even under the most favourable circumstances, for a few hours. But as usually happens on the occasion of the termination of a session of parliament, "hope springs eternal", so I move that the house adjourn during pleasure, to reassemble at the call of the bell at 3 o'clock.

The Senate adjourned during pleasure.

At 3 p.m. the sitting was resumed.

**Hon. Mr. Robertson:** Honourable senators, as no legislation has come to us yet from the other place, I can only suggest that the house adjourn again during pleasure. I do not wish to inconvenience anyone, but I would ask honourable senators to remain within the precincts of the building so that they may be readily available should any legislation come to us during the afternoon. I would move, therefore, that the house again adjourn during pleasure, to reassemble at the call of the bell at 5 o'clock or sooner.

**Hon. Mr. Aseltine:** I was in the gallery of the other chamber this morning, and I can report that all the taxation measures had received first reading there before 1 o'clock. The opinion was expressed then that these bills would receive second reading early this afternoon, so it may be that we shall be in a position to deal with them before 5 o'clock.

**Hon. Mr. Robertson:** That is why I suggested to honourable senators that they make themselves available during the afternoon. Honourable members will be called to the chamber at 5 o'clock unless some legislation is forthcoming before that time, in which event the bell will be rung sooner.

The Senate adjourned during pleasure.

The sitting of the Senate was resumed.

## INCOME TAX BILL

## FIRST READING

A message was received from the House of Commons with Bill 6, an Act to amend the Income Tax Act.

The bill was read the first time.

## SECOND READING

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

**Hon. Mr. Robertson:** I move the second reading now.

Honourable senators, this bill is the first of four revenue bills arising out of the supplementary budget introduced in the present session by the Minister of Finance. The need for raising additional revenue is caused by the increased defence expenditures that the government has recently decided to proceed with. After the estimates for the current fiscal year had been revised and the new sums for defence were added to the already authorized expenditure, the net result was a budget deficit of about \$44 million. The Minister of Finance has announced the government's definite determination to pay as we go in this new effort, and accordingly additional new revenue measures have been passed by the other place. The expected total revenue in the remainder of the current fiscal year from this and the other three measures which in due course will be introduced in the Senate is estimated to be \$58.9 million. This would result in an estimated over-all surplus of \$15 million, instead of \$20 million as forecast by the Minister in his budget speech last spring.

The bill now before us, an amendment to the Income Tax Act, provides for an increase of 5 per cent in the rate of tax on corporations, applicable to profits earned on and after the 1st of September this year. That is to say, the present rate of 10 per cent on the first \$10,000 of profits will be increased to 15 per cent, and the present rate of 33 per cent on profits in excess of \$10,000 will be increased to 38 per cent. It is expected that these increased rates will yield an additional \$13.5 million in the current fiscal year and \$85 million in a full year. As honourable senators are aware, there are no increases in personal income tax rates.

**Hon. W. M. Aseltine:** Can the honourable leader of the government state how much revenue will be obtained under this measure between now and the 31st of March 1951?

**Hon. Mr. Robertson:** It is estimated that the yield for the remainder of this fiscal year will be \$13.5 million, and for a full year \$85 million.

**Hon. Mr. Aseltine:** I think that no honourable members on this side have any objection to the bill. It may be that some of our colleagues who are interested in big manufacturing corporations will wish to say something, but I have no remarks to make. I

think the tax is fair, and I do not object to second reading of the bill.

The motion was agreed to, and the bill was read the second time.

### THIRD READING

**The Hon. the Speaker:** Honourable senators, when shall the bill be read the third time?

**Hon. Mr. Robertson:** I move that the bill be read the third time now.

The motion was agreed to, and the bill was read the third time, and passed.

## EXCISE TAX BILL

### FIRST READING

A message was received from the House of Commons with Bill 8, an Act to amend the Excise Tax Act.

The bill was read the first time.

### SECOND READING

**The Hon. the Speaker:** Honourable senators, when shall the bill be read the second time?

**Hon. Mr. Robertson:** I move second reading now.

Honourable senators, this is the second of the four bills to which I referred, and has to do with amendments to the Excise Tax Act. The increases in present taxes and the new taxes contained in this bill cover items which generally speaking do not enter into the cost-of-living budget. The excise tax of 10 per cent on automobiles, radios, etc. is increased to 15 per cent, and certain items of sporting goods and motorcycles, which at the present time bear no special tax, are to be placed in the 15 per cent category. A tax of 30 per cent is to be levied, at the manufacturers' level, on soft drinks, candy and chewing gum. It is expected that the revenue from this source for the balance of the current year will be about \$35.3 million, and for a full year \$82.4 million. It will be noted that the general sales tax of 8 per cent remains unchanged, and that no new items are included in the base to which this tax applies.

**Hon. Mr. Reid:** May I ask if the honourable leader has copies of the bill for distribution?

**Hon. Mr. Robertson:** I am very sorry, but I have no extra copies. My honourable friend's complaint is quite legitimate.

**Hon. Mr. Reid:** Of course it is, and we should have the bill before us.

**Hon. Mr. Robertson:** The simple fact is that extra copies do not exist. I secured a copy for the honourable acting leader opposite; there may possibly be one other available, but that is all.

**Hon. Mr. Reid:** This is not the first time the Senate has been asked to consider a measure without the benefit of a printed copy before each member. I am not objecting to the bill before the house, but I am complaining that we have not been supplied with copies of it.

**Hon. Mr. Robertson:** I am very sorry, but I have no answer to my friend's observation.

**Hon. Mr. Roebuck:** If the bill could be read to us, perhaps that would relieve the situation somewhat.

**Hon. Mr. Robertson:** I am delighted to comply with that suggestion; and perhaps as I read honourable senators may wish to ask questions.

The bill reads as follows:

His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

1. Paragraph (a) of subsection five of section eighty of the Excise Tax Act, chapter one hundred and seventy-nine of the Revised Statutes of Canada, 1927, is repealed and the following substituted therefor:

"(a) in the case of all articles enumerated in section two of Schedule I, be deemed to apply to any such articles, which are, in Canada, wrapped, packaged, put up in boxes, bottles or jars, or otherwise prepared for sale;"

2. Subsection one of section eighty A of the said Act is repealed and the following substituted therefor:

"80A. (1) There shall be imposed, levied and collected, an excise tax equal to fifteen per cent. of the current market value of all dressed furs, dyed furs and dressed and dyed furs,—

(i) imported into Canada, payable by the importer or transferee of such goods before they are removed from the custody of the proper customs officer; or

(ii) dressed, dyed, or dressed and dyed in Canada, payable by the dresser or dyer at the time of delivery by him."

**Hon. Mr. Aseltine:** May I ask a question at this point? As I understand that provision, an additional 5 per cent is added to the present 10 per cent, making a total tax of 15 per cent.

**Hon. Mr. Robertson:** That is correct.

3. Section eighty B of the said Act is repealed and the following substituted therefor:

"80B. There shall be imposed, levied and collected an excise tax equal to fifteen per cent of the current market value of the fur contained in any garment, robe, or other article imported into Canada, payable by the importer or transferee of such goods before they are removed from the custody of the proper customs officer."

Again the change is, I think, from 10 per cent to 15 per cent.

Schedule 1 to the said Act is repealed and the first schedule to this Act is substituted therefor.

The first schedule is:

Automobiles adapted or adaptable for passenger use with a seating capacity for not more than ten persons each, 15 per cent.

This is an increase of 5 per cent.

Provided that the tax on automobiles shall apply on the total price charged for such automobiles, which price shall include all charges for accessories, optional equipment, advertising, financing, servicing, warranty, or any other charges contracted for at the time of sale, whether charged for separately or not.

Provided further that the tax shall not apply to automobiles imported under customs tariff items 702, 704, 705A, 706, 707 and 708.

I take it that, with the exception of the change in the rate the schedule is the same as the one it supersedes.

**Hon. Mr. Aseltine:** When does this tax become effective? Take the case of a person who, prior to the coming into force of this measure, bought an automobile but has not yet received it. Does the tax apply in a case of that kind? Does it depend on whether the purchaser has or has not paid his money?

**Hon. Mr. Robertson:** I am not quite sure, and I would not wish to give the house incorrect information. My impression, from my recollection of matters of this kind, is that these taxes are levied at the manufacturer's level. Once a car has left the manufacturer and has come into the hands of the dealer, the question of liability would be one as between the dealer and the purchaser.

**Hon. Mr. Aseltine:** I understand that. But would the tax apply if an automobile dealer, say in Ottawa, has a number of cars in his possession?

**Hon. Mr. Robertson:** I think not.

**Hon. Mr. Aseltine:** Now take the case of a person in Saskatchewan who, having ordered a car through his local dealer, and paid for it, comes east, let us say to Windsor, Ontario, to take delivery of the automobile. What position is he in? The car is still in the hands of the manufacturer, but it has been ordered and paid for. Does the purchaser have to pay the tax?

**Hon. Mr. Robertson:** I do not think the fact that the purchaser has come to Windsor to pick up the car changes the relationship between buyer and dealer. In effect, I assume, the situation is that the manufacturer is delivering the car to the dealer or to someone whom he designates. The governing factor would be whether the car has been received before or after the date of the minister's announcement. I may speak from personal experience. Some time ago I ordered a car of which possession was taken yesterday in Windsor. I see no great hope of relief from the extra tax.

**Hon. Mr. Roebuck:** There is still time to amend!

**Hon. Mr. Robertson:** Retroactive action might be of some benefit.

The second group includes:

2. Articles, materials or preparations of whatever composition or in whatever form, commonly or commercially known as toilet articles, preparations or cosmetics, which are intended for use or application for toilet purposes, or for use in connection with the care of the human body, including the hair, nails, eyes, teeth, or any other part or parts thereof, whether for cleansing, deodorizing, beautifying, preserving or restoring, and to include shaving soaps and shaving creams, antiseptics, bleaches, depilatories, perfumes, scents and similar preparations, fifteen per cent.

The tax, is raised from 10 per cent to 15 per cent.

3. (a) Electric appliances adapted to household use, viz. blankets; chafing dishes; coffee makers; curling irons or tongs; dish washers; food or drink mixers; food choppers and grinders; floor waxers and polishers; garbage disposal units; hair dryers; irons and ironers; juice extractors; kettles; portable humidifiers; razors and shavers; toasters of all kinds; vacuum cleaners and attachments therefor; waffle irons, fifteen per cent;

**Hon. Mr. Aseltine:** Is that a new tax?

**Hon. Mr. Robertson:** Yes.

**Hon. Mr. Aseltine:** The next paragraph includes firearms, which are subject to 15 per cent tax.

**Hon. Mr. Robertson:** That is true.

**Hon. Mr. Aseltine:** They were not taxed before.

**Hon. Mr. Robertson:** The paragraph reads:

(b) Firearms and complete parts thereof and ammunition except for military or police purposes, fifteen per cent;

Then follows:

(c) Motor cycles and all other two- or three-wheeled motor-driven vehicles including motors for attachment to bicycles but not including vehicles specially designed for carrying goods or for use by invalids, fifteen per cent;

As my honourable friend says, these are additions to the schedule.

Then there are the items:

(d) Golf clubs and golf balls, fifteen per cent;  
(e) Fishing rods and fishing reels, fifteen per cent.

**Hon. Mr. Aseltine:** I don't like that!

**Hon. Mr. Roebuck:** May I ask whether that item will increase the price of the Campbell golf ball?

**Hon. Mr. Robertson:** There are a good many honourable senators on this side of the house, and perhaps on the other side, who are more conversant with that subject than I am, and I would be glad to have their experience and knowledge in order to answer the question of

my honourable friend. While they are assembling the information I will proceed:

4. Devices, commonly or commercially known as lighters, which produce sparks, flame or heat whether or not in combination with other articles on the separate or combined value, as the case may be, fifteen per cent.

5. Cameras and unexposed photographic films and plates, except those sold for industrial or professional photographers' use; projectors for pictures except those sold for commercial, religious, or educational purposes, fifteen per cent.

These, as honourable senators know, are additions to the list.

I continue:

6. Phonographs, record playing devices, radio broadcast or telecast receiving sets and tubes thereof, fifteen per cent.

7. Coin, disc or token operated slot machines and vending machines; coin, disc or token operated games or amusement devices of all kinds, fifteen per cent; Provided that the tax hereby imposed shall not apply to coin collectors used on pay telephones, turnstiles for collecting tolls or charges, coin operated locking devices, nor gas, electric or parking meters.

8. Trunks; suitcases; bags and luggage of all kinds; purses; wallets; billfolds; key and card cases; handbags; jewel cases; dressing and toilet cases; shopping bags, except paper bags; golf and other sports bags; all the foregoing whether fitted or not, fifteen per cent;

Provided that the tax hereby imposed shall not apply to the goods mentioned herein when manufactured expressly for a customer for his use in the operation of his business or profession.

9. Ash trays; tobacco pipes; cigars and cigarette holders; cigarette rolling devices and other smokers' accessories, not to include lighters, matches or tobacco, fifteen per cent.

10. Fountain pens; ball-point pens; ink pencils; propelling pencils, desk sets and all other desk accessories, fifteen per cent.

11. Cigars, twenty-five per cent.

Provided that the sale price of cigars manufactured in Canada shall include the amount of excise duty payable thereon under the Excise Act.

12. Matches, fifteen per cent.

13. Tires and Tubes.

(a) Tires in whole or in part of rubber for automotive vehicles of all kinds, including trailers or other wheeled attachments used in connection with any of the said vehicles, fifteen per cent;

(b) Inner tubes for use in any such tires, fifteen per cent;

Provided that the tax hereby imposed shall not apply to the goods mentioned herein when used exclusively for the original equipment of such automotive vehicles.

**Hon. Mr. Reid:** Is there any increase in the tax on bicycle tires?

**Hon. Mr. Robertson:** I do not think so. My understanding, from a reading of the bill, is that the increased tax only applies to automotive vehicles.

Paragraph 14 reads as follows:

14. (a) Clocks and watches adapted to household or personal use, except railway men's watches, and those specially designed for the use of the blind, and alarm clocks where the sale price by the

Canadian manufacturer or the duty paid value of those imported does not exceed ten dollars, fifteen per cent;

(b) Articles of all kinds made in whole or in part of ivory, jet, amber, coral, mother of pearl, natural shells, tortoise shell, jade, onyx, lapis lazuli, or other semi-precious stones, fifteen per cent;

Provided that the tax on the articles enumerated in subsections (a) and (b) of this section shall not apply to the goods mentioned where the sale price by the Canadian manufacturer, or the duty paid value of the goods imported, does not exceed one dollar;

(c) Articles commonly or commercially known as jewellery, whether real or imitation, including diamonds and other precious or semi-precious stones for personal use or for adornment of the person; goldsmiths' and silversmiths' products except plated table knives, forks and spoons; pewter ware;

Articles of cut glassware, crystal glassware, cut or not, etched glassware, or metal decorated glassware;

Articles of china, porcelain, earthenware, marble, stoneware or other pottery ware, except articles for use in the preparation or serving of food or drink, fifteen per cent;

Provided that the tax on the articles enumerated in subsection (c) of this section shall not apply to the goods mentioned where the sale price by the Canadian manufacturer, or the duty paid value of the goods imported, does not exceed fifty cents.

The excise tax on these articles was 10 per cent.

Paragraph 15 reads:

15. Carbonated beverages, aerated waters, unfermented fruit juice beverages (not including beverages at least ninety-five per cent of which consists of pure juice of the fruit) and imitations thereof and all other compounded or mixed soft drinks where the beverages, waters or drinks are put up in bottles or other containers for sale, thirty per cent.

16. Candy, chocolate, chewing gum and confectionery that may be classed as candy or a substitute for candy, thirty per cent."

This is not an increase, but is the new tax to which I referred. That concludes the reading of Schedule I.

Schedule II to the said Act is repealed, and a second schedule is substituted therefor.

It reads as follows:

1. Carbonic acid gas and similar preparations to be used for aerating non-alcoholic beverages, fifty cents per pound.

That is a new tax.

2. Cigarettes, manufactured tobacco and Canadian raw leaf tobacco:

(a) For each five cigarettes or fraction of five cigarettes contained in any package, two cents;

(b) For each ounce or fraction of an ounce of manufactured tobacco, including snuff but not including cigars and cigarettes, contained in any package, two cents;

(c) For each ounce or fraction of an ounce of Canadian raw leaf tobacco when sold for consumption in Canada, one-half cent."

That, honourable senators, is the substance of the bill.

**Hon. Mr. Aseltine:** Honourable senators, there is one part of this bill which I particularly do not like. I think the thirty per cent tax on candy, chocolate, chewing gum and confectionery that may be classed as candy or a substitute for candy is an extremely heavy one. Among our Canadian population there are some 4 million children. Honourable senators will probably remember the expression "It is like taking candy from a kid". I am afraid that this section does that very thing, and that our Canadian children will more or less suffer because of this new taxing law.

I notice in Bill No. 9, an Act to amend the Excise Tax Act, a provision for taxing brandy, spirits, malt and commodities of that type. The increase there is only a small one, \$1 per gallon. My honourable friend from Bedford-Halifax (Hon. Mr. Quinn) nods his head, so I presume I have stated the facts correctly. If money is so badly needed, I should like to see section 16 eliminated from Bill 8 and an additional tax placed on rum and other spirituous liquors.

**Hon. Mr. Beaubien:** You would not get the same revenue.

**Hon. Mr. Aseltine:** If this were done I think it would meet with the general approval of all the people of Canada.

I notice that section 15 of the bill before us provides for a tax on carbonated beverages. Perhaps that is a good thing. In my home district of Saskatchewan huge quantities of these beverages are consumed, particularly by the young people, for whom I do not think they are good at all. They contain some ingredients that I personally object to.

**Hon. Mr. Quinn:** What ingredients, for instance?

**Hon. Mr. Aseltine:** I am not going to say what they are.

**Hon. Mr. Quinn:** They are all perfectly harmless.

**Hon. Mr. Aseltine:** I remember on one occasion telling a lady that a nail, if left over night in the beverage which she was drinking in large quantities, would dissolve. Her answer was that she had no nails in her stomach.

Generally speaking, I think that we on this side have no objection to the bill. However, I should like to see item 16 eliminated and the tax placed on spirituous liquors. That I feel would be a popular move.

**Hon. Mr. Quinn:** My honourable friend from Rosetown (Hon. Mr. Aseltine) is unduly alarmed about the ingredients in carbonated beverages. I happen to know something

about these ingredients, and I can assure him that none of them would hurt anybody. One tax that I consider to be very high is the 50 cents on carbonic acid gas. That strikes me as being rather exorbitant. It falls on the soft drink manufacturers and will be passed on to children and young people.

**Hon. Mr. Roebuck:** Honourable senators, I wish to refer to another feature of the taxes on carbonated beverages. It will be noticed that carbonic acid gas when mixed by a manufacturer with water and syrup is taxed at 30 per cent; but if the gas goes to the retailer in a separate container and is mixed by him on the counter, it carries a tax of only 50 cents per pound. The difference between the two rates of tax is very considerable. The manufacturers who do the mixing in their factories and deliver the beverage in a container from which it is simply emptied by the retailer into the consumer's glass, will be hit so hard by this tax that they will not be able to compete with the retailer who does the mixing on the counter. There may not be more than two of these manufacturers in Canada; certainly that is all there are in Ontario.

Perhaps I have not made my point quite clear. If the carbonic acid gas or carbon dioxide, the CO<sub>2</sub>, is mixed by a manufacturer at his factory, where the mixing will be better done than it would be possible to do it on a counter, the tax is 30 per cent; but if the CO<sub>2</sub> is shipped separately in a container to a retailer and mixed by him with water and syrup on a counter, the tax on the gas is 50 cents a pound. The difference between the two rates is so large that I am afraid the Ontario manufacturers will be put out of business. This tax on the manufacturers is unnecessary and unfair, and I think it should be thoroughly reconsidered by the government. I suppose it will pass now, but I hope that in the recess before we meet again further consideration will be given to this item.

**Hon. Mr. Reid:** I would remind the honourable member that there are several well-known brands of pop which, besides being obtainable in a bottle, may also be drawn by the glass.

What I chiefly wish to say is that every time a tax on candies and soft drinks is proposed a great cry is raised on behalf of the children. On one occasion in another place I contended that honourable members who advocated greater consumption of these things had no concern for the health of children. Of course, I am old-fashioned. When I was being brought up children were not supplied freely with money for the purchase of candy bars and soft drinks. I think that anyone permitted to look through the files of the

Department of National Health would find records showing that some soft drinks are very deleterious to the health of children. Just before I left to come here a dentist in my home town—I will not mention his name—warned a mother that her boy had better stop drinking a certain brand of soft drink because of the effect it was having upon his teeth. He added that it was easy to tell from the teeth of every boy who came to him for treatment whether the boy was accustomed to drink that brand. It is unfortunate that more publicity is not given to the harmful effects of certain soft drinks, but anyone who endeavours to make the facts known is opposed by vested interests, which have large sums invested in the pop business all over the country. I think that the fewer the candy bars and soft drinks that children consume, the better it will be for their health.

**Hon. Mr. Robertson:** Honourable senators, I have not sufficient information to enable me to comment on the remarks of the honourable gentleman from Toronto Trinity (Hon. Mr. Roebuck). It seems to me that if the tax on soft drink manufacturers is likely to have the serious effect that he fears, the government will take some action to prevent it.

**Hon. Mr. Roebuck:** I hope so.

**Hon. Mr. Robertson:** His fears for the manufacturers are probably not well grounded.

Just a word on the suggestion by the acting leader of the opposition (Hon. Mr. Aseltine) that the tax on candy and chewing gum should be removed because they are largely consumed by children. The huge sums which are being spent today on amusements and liquor—I am not making any criticism of these things at all—indicate that the purchasing power of the mass of the people in this country is very great, yet despite the tremendous additional outlays that we are undertaking for defence it has been decided, rightly or wrongly, not to raise the existing rates of income tax. The federal treasury is providing more than \$300 million a year for children's allowances, and probably the bulk of this is being used for the benefit of the children. While some of the money which children spend for their pleasure may be earned by themselves, I suppose that by far the larger proportion of the money that comes into their hands is furnished by their parents. Therefore a tax on anything consumed by children is indirectly a tax on their parents. However, because of the wide distribution of income in this country, it is inevitable that if the public revenue is to be substantially increased, taxes must be applied generally to all people. In countries where life is less happy than in Canada, and the income is in the hands of a few people, substantial

increases in revenue could perhaps be obtained by taxing only the few. But in this country, as I have said, taxes must apply generally to all the people.

The motion was agreed to, and the bill was read the second time.

#### THIRD READING

**The Hon. the Speaker:** Honourable senators, when shall the bill be read the third time?

**Hon. Mr. Robertson:** I move third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

#### EXCISE BILL

##### FIRST READING

A message was received from the House of Commons with Bill 9, an Act to amend the Excise Act, 1934.

The bill was read the first time.

##### SECOND READING

**The Hon. the Speaker:** Honourable senators, when shall the bill be read the second time?

**Hon. Mr. Robertson:** I move second reading now.

**Hon. Mr. Roebuck:** Is this another bill of which no copies are available?

**Hon. Mr. Robertson:** This is the third measure that I referred to. It contains amendments to the Excise Act, and as no copies are available, I shall read it. Briefly, it proposes to increase the tax on spirits from \$11 to \$12 a gallon, and to raise from 16 cents to 21 cents a pound the tax on malt used in beer.

The bill reads as follows:

His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada enacts as follows:

1. The first paragraph of section one of the Schedule to The Excise Act, 1934, chapter fifty-two of the statutes of 1934, is repealed and the following substituted therefor:

##### "1. Spirits

On every gallon of the strength of proof distilled in Canada, except as hereinafter otherwise provided, twelve dollars, and so in proportion for any greater or less strength than the strength of proof and for any less quantity than a gallon:"

2. The first paragraph of section two of the Schedule to the said Act is repealed and the following substituted therefor:

##### "2. Canadian Brandy

On every gallon of the strength of proof, ten dollars, and so in proportion for any greater or less strength than the strength of proof and for any less quantity than a gallon:"

3. Section four of the Schedule to the said Act is repealed and the following substituted therefor:

##### "4. Malt

Upon all malt brought into a brewery subject to such allowance or rebate in respect of waste as may be authorized by the Governor in Council, per pound, twenty-one cents."

4. This Act shall be deemed to have come into force on the eighth day of September, nineteen hundred and fifty.

**Hon. Mr. Aseltine:** What amount of revenue will be realized from these tax increases?

**Hon. Mr. Robertson:** I do not appear to have that information before me, but the total revenue to be gained under this and the measure to follow, namely the Customs Tariff, is \$10,100,000 for the balance of the current year and \$22,100,000 for the full year. I would point out that the amendments to the Excise Tax Act apply to domestic production only.

**Hon. Mr. Aseltine:** Did the honourable leader give the amount of additional revenue expected by reason of the tax on candy only?

**Hon. Mr. Robertson:** I gave the estimate of expected revenue from the additional tax on soft drinks, candy and chewing gum as \$35.3 million for the current year and \$82.4 million for a full year.

**Hon. Mr. Aseltine:** I am curious to know by how much the tax on spirits, as provided by this bill, would have to be increased to enable the government to eliminate the tax on candy. It would seem to me that an additional 50 cents would about cover it.

**Hon. Mr. Robertson:** My attention has been drawn to the fact that the Minister of Finance in the other house gave the breakdown of figures which the honourable acting leader has asked about. This is the information he gave: the increased revenue from excise taxes on commodities is \$17,300,000 for the remainder of the fiscal year, and \$34,400,000 for a full year; on soft drinks the increase is estimated at \$8,500,000 for the balance of the current year and \$24 million for a full year; on candy and chewing gum there will be an increase of \$9,500,000 for the current year and \$24 million for a full year.

**Hon. Mr. Quinn:** I should like to ask the honourable leader why a tax was imposed on soft drinks, and apparently no consideration was given to the imposition of a tax on beer?

**Hon. Mr. Robertson:** There is a tax on malt.

**Hon. Mr. Quinn:** True, there is an increase from 16 cents to 21 cents per pound on malt, but the effect of that will be that the brewer will weaken the strength of his beer and the price will remain the same. It seems to me that a tax on beer would have produced more revenue.

**Hon. Mr. Robertson:** Might he not still weaken his beer?

**Hon. Mr. Quinn:** I do not know, but I think a greater revenue would result.

**Hon. Mr. Robertson:** In any event, this is the legislation as it comes to us.

The motion was agreed to, and the bill was read the second time.

### THIRD READING

**The Hon. the Speaker:** Honourable senators, when shall the bill be read a third time?

**Hon. Mr. Robertson:** Now.

The motion was agreed to, and the bill was read the third time, and passed.

## CUSTOMS TARIFF BILL

### FIRST READING

A message was received from the House of Commons with Bill 10, an Act to amend the Customs Tariff.

The bill was read the first time.

### SECOND READING

**The Hon. the Speaker:** Honourable senators, when shall the bill be read the second time?

**Hon. Mr. Robertson:** I move that the bill be read the second time now.

This, honourable senators, is the fourth of the bills to which I have referred. Increases in the duty on imported spirits and imported malt corresponding to the increases in the domestic tax on spirits and malt are contained in this bill. It is estimated that the additional revenue from these increases and the tax on alcoholic beverages will produce \$10,100,000 during the current fiscal year and \$22,100,000 in a full year.

The bill is as follows:

1. Schedule A to the Customs Tariff, chapter forty-four of the Revised Statutes of Canada, 1927, is amended by deleting therefrom the following enumerations of goods and rates of additional duties of Customs as enacted by section two of chapter twenty-three of the statutes of 1942-43 and section two of chapter seven of the statutes of 1943-44:

"Whisky, brandy, rum, gin and all other goods specified in Customs Tariff Item 156 and 156b, \$7 per gallon of the strength of proof.

Ale, beer, porter and stout, 30 cents per gallon" and by substituting therefor the following enumerations of goods and rates of additional duties of Customs:

"Whisky, brandy, rum, gin and all other goods specified in the various subitems of Tariff Item 156, \$8 per gallon of the strength of proof.

Ale, beer, porter and stout, 40 cents per gallon."

2. Section one shall be deemed to have come into force on the eighth day of September, 1950, and to have applied to all goods mentioned therein imported or taken out of warehouse for consumption

on or after that day, and to have applied to goods previously imported for which no entry for consumption was made before that day.

The motion was agreed to, and the bill was read the second time.

#### THIRD READING

**The Hon. the Speaker:** Honourable senators, when shall the bill be read the third time?

**Hon. Mr. Robertson:** I move third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

### SESSIONAL ALLOWANCES BILL

#### FIRST READING

A message was received from the House of Commons with Bill 7, an Act respecting payment of Sessional Allowances and transportation expenses to Members of the Senate and the House of Commons.

The bill was read the first time.

#### SECOND READING

**Hon. Wishart McL. Robertson** moved the second reading of the bill.

He said: This bill has to do with circumstances resulting from the calling of the present session of parliament. The fact that this is a special session has no special relevance in this connection, but it is pointed out that probably at a very early date parliament will be adjourned. Under the existing law, if parliament were shortly to adjourn to some later date, the period of adjournment, unless it were otherwise ordered, would be included for purposes of the sessional allowance, and when sixty-five days had elapsed honourable senators and members of the House of Commons would be entitled to a full sessional indemnity. The government is not favourable to such a course, nor do I believe any honourable senator or member of parliament would desire that it be adopted. The present bill has therefore been drafted. I shall read it:

1. For the purposes of the provisions of the Senate and House of Commons Act relating to the payment of sessional allowances to Members of the Senate and House of Commons, whenever during the session of Parliament that commenced on the twenty-ninth day of August, nineteen hundred and fifty, either house is adjourned for more than one week, the number of days of such adjournment shall not be reckoned as days of attendance for members of that house, and if after any such adjournment the sittings of that house are resumed, the provisions of the said Act relating to payment to each member of moving, transportation and living expenses while on the journey between his place of residence and Ottawa shall apply in respect of the members of that house as though the resumed sittings were a new session.

In short from the date of the assembly of parliament, the recompense of honourable senators will be on a per diem basis which will also apply to adjournments for no longer than one week. If after such an adjournment the sittings of the house are resumed, honourable senators and members will be entitled to their expenses as though the resumed sittings were a new session.

**Hon. W. M. Aseltine:** Honourable senators, in view of the seriousness of the present world situation, I believe that opposition members are glad that parliament is not to be prorogued. We feel that it may be necessary to resume business at almost any time; and it is much easier to call parliament together after an adjournment than to begin a new session. I therefore favour this measure. The government leader has not told us to what date we are to adjourn, and the bill contains no reference to the matter. Presumably it is a question of public policy. Can the leader advise us if any date has been set?

**Hon. Mr. Robertson:** I do not know that I differ much from my honourable friend as to the desirability of proceeding by way of adjournment. If parliament were prorogued instead of adjourned, and a special session were deemed necessary, there would be the formalities of the opening of parliament and a Speech from the Throne. No doubt the only limitation applicable to either proceeding, whether calling parliament back after an adjournment or beginning a new session, is the physical one of bringing the members together. There is no limitation in any way, shape or form.

As regards to what date parliament will adjourn to, I have before me the same draft motion as was presented in the other place, but I think it would be superfluous for me to introduce it until the House of Commons decides what course it will follow. I understand that there has been considerable debate in the other house as to the terms of this motion. I do not know that it will be agreed to in its present form, but I presume I should ask the Senate to agree to whatever decision is eventually made by the members of the other house.

**Hon. Mr. Quinn:** Has the bill been given third reading in the other place?

**Hon. Mr. Robertson:** Yes, but I have not been advised as to the motion for adjournment. When the question is disposed of in the other place it will not come to us in the form of a resolution. I shall simply move that when the Senate adjourns it stand adjourned until such and such a date. As I say, I do not think there is any point

in my making such a motion until the members of the other place decide what procedure they wish to follow.

**Hon. Mr. Reid:** I am sure every honourable senator is in support of this bill, but I think the wording in paragraph 1 introduces something new. I was always under the impression that parliament consisted of the House of Commons and of the Senate. I read in paragraph 1 the words "either house is adjourned". This leaves the inference that the House of Commons could be called and not the Senate, or vice versa. It does not refer to a specific house. I am only speaking as a layman, but it seems to me that it is not a case of parliament being called.

**Hon. Mr. Fogo:** Parliament is in session.

**Hon. Mr. Reid:** It reads "if either house is adjourned".

**Hon. Mr. Fogo:** But parliament is still in session.

**Hon. Mr. Beaubien:** The House of Commons may be called without the Senate being called. Am I not right?

**Hon. Mr. King:** Yes.

**Hon. Mr. Robertson:** It would depend on whether we were summoned.

**Hon. Mr. Aseltine:** I suppose it means what it says, and it only applies to the present session of parliament and not to future sessions.

**Hon. Mr. Robertson:** Yes.

The motion was agreed to, and the bill was read the second time.

THIRD READING

**The Hon. the Speaker:** Honourable senators, when shall the bill be read the third time

**Hon. Mr. Robertson:** Now.

The motion was agreed to, and the bill was read the third time, and passed.

SESSIONAL STAFF OF THE SENATE

INQUIRY

On the motion to adjourn:

**Hon. Mr. Reid:** Honourable senators, I believe it has been announced that the sessional staff of the House of Commons is to be granted one week's extra pay. I wonder if the honourable leader of the government could advise this house whether the sessional staff of the Senate is to be similarly treated?

**Hon. Mr. Robertson:** I have been advised that it is unnecessary for this house to take any formal action in this regard, and I have expressed my willingness to the Clerk of the Senate that any benefits given to the sessional staff of the House of Commons should be given to the corresponding employees of the Senate. This has always been done in the past.

BUSINESS OF THE SENATE

**Hon. Mr. Robertson:** Honourable senators, I have been unofficially advised that Royal Assent will take place tomorrow morning at 11 o'clock. Although I have received no formal message to this effect I do not think there would be any point in summoning honourable senators to the chamber until 10.45 tomorrow morning.

The Senate adjourned until tomorrow at 10.45 a.m.

## THE SENATE

Friday, September 15, 1950

The Senate met at 10.45 a.m., the Speaker in the Chair.

Prayers and routine proceedings.

### THE ROYAL ASSENT

The Hon. the Speaker informed the Senate that he had received a communication from the Assistant Secretary to the Governor General, acquainting him that the Honourable Robert Taschereau, acting as Deputy of His Excellency the Governor General, would proceed to the Senate chamber this day at 11 a.m. for the purpose of giving the Royal Assent to certain Bills.

### ADJOURNMENT

#### MOTION

Hon. J. H. King (for Mr. Robertson) moved:

That when the Senate adjourns on completion of current business of the session it stand adjourned until February 14, 1951, provided always that if it appears to the satisfaction of the Honourable the Speaker, after consultation with His Majesty's government, that the public interest requires that the Senate should meet at an earlier time during the adjournment, the Honourable the Speaker may give notice that he is so satisfied, and thereupon the Senate shall meet at the time stated in such notice, and shall transact its business as if it had been duly adjourned to that time.

The motion was agreed to.

The Senate adjourned during pleasure.

### THE ROYAL ASSENT

The Honourable Robert Taschereau, the Deputy to the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Speaker, the Honourable the Deputy of the Governor General was pleased to give Royal Assent to the following bills:

An Act to make temporary provision for the regulation of consumer credit.

An Act respecting materials and services essential for the purposes of defence and national security.

An Act to amend the Income Tax Act.

An Act respecting payment of sessional allowances and transportation expenses to members of the Senate and the House of Commons.

An Act to amend the Excise Act, 1934.

An Act to amend the Excise Tax Act.

An Act to amend the Customs Tariff.

An Act for granting His Majesty aid for national defence and security.

The House of Commons withdrew.

The Honourable the Deputy of the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Wednesday, February 14, 1951.

**THE SENATE**

**Monday, January 29, 1951**

The Senate, having adjourned until Wednesday, February 14, 1951, was summoned in accordance with the provisions of the resolution adopted by the Senate on the 15th day of September last, and met this day at 3 p.m., the Speaker in the Chair.

Prayers and Routine Proceedings.

**SPEECH FROM THE THRONE**

ADDRESS IN REPLY—MESSAGE OF THANKS  
FROM HIS EXCELLENCY

The Hon. the Speaker informed the Senate that he had received a message from His Excellency the Governor General, reading as follows:

The Honourable The Members of the Senate:

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 the Address.

Alexander of Tunis

**NEW SENATOR INTRODUCED**

The following newly-appointed senator was introduced and took his seat:

Hon. Calvert Pratt, of St. John's Newfoundland, introduced by Hon. Wishart McL. Robertson and Hon. Ray Petten.

**PROROGATION OF PARLIAMENT**

The Hon. the Speaker informed the Senate that he had received a communication from the Assistant Secretary of the Governor General, acquainting him that the Right Honourable Thibaudeau Rinfret, acting as Deputy for His Excellency the Governor General, would proceed to the Senate Chamber this day at 3.45 o'clock for the purpose of proroguing the Special Session of the Twenty-first Parliament.

The Senate adjourned during pleasure.

**SPEECH FROM THE THRONE**

The Right Honourable Thibaudeau Rinfret, the Deputy of the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Speaker, the Right Honourable the Deputy of the Governor General was pleased to close the Special Session of the Twenty-first Parliament of Canada with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

When the present session adjourned in September it was considered that the world situation might make it necessary to resume the session before the close of the year. As that did not happen, my ministers recommended just before the beginning of the New Year, that the special session be concluded and a regular session be commenced as early as circumstances would permit.

The measure to provide for the resumption of the operation of the railways which was enacted at the opening of the special session resulted in the immediate termination of the strike. Failure to reach an accommodation between the parties to the dispute led to the appointment of an arbitrator, whose decision has settled the points remaining at issue, as provided for in the statute.

In response to the original reason for summoning the special session you approved a measure making provision for the placing of Canadian forces on active service in consequence of action undertaken by Canada under the United Nations Charter or the North Atlantic Treaty; and to provide for the application of veterans' legislation to veterans of the special force.

You also passed bills respecting materials and services essential for the purposes of defence and internal security and respecting the temporary regulation of consumer credit.

Members of the House of Commons:

I thank you for the provision you made for additional defence expenditures and also for meeting our obligations under the United Nations Charter and the North Atlantic Treaty.

Honourable Members of the Senate:

Members of the House of Commons:

May Providence continue to bless and protect this nation.

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